

2011 Annual Report

10<sup>th</sup> Anniversary



A Decade  
of  
Growth  
and  
Achievement





## 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 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

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*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.*

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## Chairman's Letter



Dear Shareholders, Customers and Friends:

This year marks Leader Bank's 10th anniversary, a milestone we are very proud to reach. Often, prospective clients, industry experts and investors ask us to divulge the story behind Leader Bank's organic growth from a startup company to the half a billion dollar leader that we have become in less than ten years. They wonder how we can generate strong earnings and continue to maintain healthy capital ratios. Our growth story is nothing short of remarkable as evidenced by the Bank's consistently strong financial performance quarter after quarter. Our success has been a result of our ability to identify market opportunities as they become available while continuing to deliver the highest quality of service to our customers.

I am pleased to report, since we first opened our doors, that 2011 has been our strongest year to date in growth and performance. Despite the continued volatility in the economy and the housing market, we have continued to build on our momentum over the past decade. Our assets grew 39% from \$367 million to \$509 million. In addition, our loan portfolio grew 23% from \$275 million to \$337 million in 2011, and our deposits grew 45% from \$235 million to \$340 million. Net income for 2011 was \$6.2 million as compared to \$8.5 million in 2010. Return on assets and return on equity for 2011 were 1.70 and 13.35, respectively. Lastly, our focus has been and will always remain on sound underwriting of loans. As of December 31, 2011, our ratio of non performing loans to total loans was 0.30% as compared to our peer group average of 2.78%.

While our numbers certainly validate our efforts, many of our accomplishments cannot be listed on a financial statement. Leader Bank's success has attracted some great talent to our organization, which include additions to our commercial lending team as well as new business banking officers that are promoting our retail growth. We have been able to strengthen all departments with top quality talent who are attracted to our successful business model. We are proud to have been involved with the Small Business Lending Fund Program, which provided nearly \$13 million in funds this year to support Leader Bank's lending to small businesses. We also participated in the Massachusetts Small Business Banking Partnership in 2011, providing loans to small businesses to help create over 100 new jobs in the Commonwealth, and saw the ABA Banking Journal recognize Leader Bank as one of the top ten performing banks in the country within our peer group. We continue to be one of the top ten residential lenders in Massachusetts.

As we celebrate our 10th anniversary as a leading community bank, I want to thank our employees for their dedication to our mission of providing quality banking and lending services and our Board of Directors for their continued valued guidance. Most importantly, however, I want to thank our devoted customers for the trust they have placed in Leader Bank over the past ten years.



**Sushil K. Tuli**

Chairman, President & CEO

**“The past ten years have proved challenging, yet successful. I look forward to Leader Bank's next decade, not knowing what the future holds but confident that being part of the local banking community and building upon the friendships that have been made, and those that will be made, will be the greatest 'return' in itself.”**

Sincerely,

Sushil K. Tuli, President & CEO



Message from

# The Massachusetts House of Representatives



## The Commonwealth of Massachusetts The House of Representatives



Be it hereby known to all that:  
The Massachusetts House of Representatives  
offers its sincerest congratulations to:

### Leader Bank

in recognition of  
celebrating its tenth anniversary of providing quality banking and lending services  
to the citizens and businesses of Massachusetts and for its contributions to the  
financial and cultural growth of Commonwealth over the past decade.  
The entire membership extends its very best wishes  
and expresses the hope for future good fortune  
and continued success in all endeavors.

Given this 13th day of April, 2012

At the State House, Boston, Massachusetts



by:

Robert A. DeLeo  
Speaker of the House

Offered by:

  
State Representative





*Message from*

*The Governor of Massachusetts*



**The Commonwealth of Massachusetts**



*Leader Bank*

ON BEHALF OF THE CITIZENS OF THE COMMONWEALTH OF MASSACHUSETTS, WE ARE PLEASED TO CONFER UPON YOUR ORGANIZATION THIS GOVERNOR'S CITATION IN RECOGNITION OF YOUR 10<sup>TH</sup> ANNIVERSARY AS A BANKING AND LENDING INSTITUTION AND IN APPRECIATION OF YOUR COMMITMENT TO FOSTERING FINANCIAL AND CULTURAL GROWTH IN THE COMMONWEALTH.

THIS EIGHTH DAY OF MAY IN THE YEAR 2012

DEVAL L. PATRICK  
Governor

TIMOTHY P. MURRAY  
Lieutenant Governor





# Financial Highlights



(IN THOUSANDS, EXCEPT ACCOUNTS)

<b>PERFORMANCE STATISTICS</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Total Assets	\$509,493	\$366,788	\$312,305
Total Deposits	\$339,550	\$234,921	\$211,753
Total Equity	\$55,918	\$37,365	\$28,579
Total Net Loan Portfolio	\$337,440	\$274,665	\$241,677
Total Loans Closed	\$1,282,261	\$1,605,320	\$943,324
Deposit Accounts	9,755	8,539	7,963
<b>EARNINGS</b>			
Net Interest Income	\$12,325	\$11,095	\$8,150
Non Interest Income	\$11,606	\$14,203	\$8,299
Non Interest Expense	\$13,057	\$9,876	\$8,180
Income Before Taxes	\$10,257	\$14,309	\$6,732
Net Income	\$6,154	\$8,514	\$4,004
<b>RATIO</b>			
Return on Assets	1.55%	2.53%	1.52%
Return on Equity	13.75%	25.36%	16.50%
Net Interest Margin	3.24%	3.44%	3.01%
Efficiency Ratio	54.56%	39.04%	49.73%
<b>CAPITAL</b>			
Equity Capital to Assets	10.98%	10.19%	9.15%
Core Capital (leverage)	12.12%	9.81%	9.40%
Tier 1 Risk-based Capital	16.05%	13.85%	10.47%
Total Risk-based Capital	20.25%	19.46%	13.40%

## 2011 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	1.70%	0.70%	90
Return on Equity	13.35%	6.52%	81
Net Interest Margin	3.37%	3.87%	19
Non-Interest Income / Assets	2.92%	0.71%	96
Efficiency Ratio	52.91%	67.83%	85
<b>ASSET QUALITY METRICS</b>			
Net Loans / Assets	79.71%	63.82%	92
Non Performing Loans / Total Loans	0.30%	2.78%	93
Net Loss / Total Loans	0.01%	0.80%	97
<b>GROWTH METRICS</b>			
Net Loans & Leases	17.75%	-0.55%	91
Total Assets	39.27%	4.11%	96

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

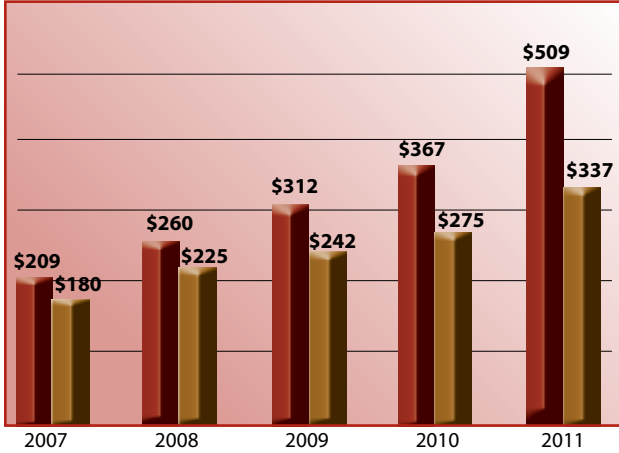


# Historical Growth



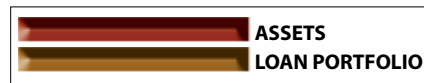
## Assets & Loan Portfolio

IN MILLIONS



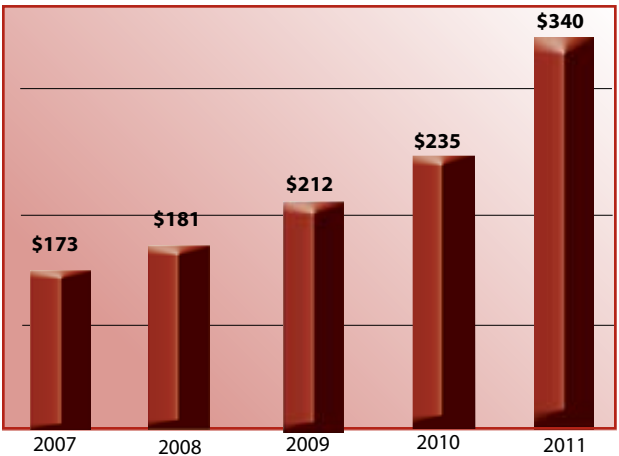
## Assets & Loans

Assets grew by \$142 million, or 39%, ending the year at \$509 million. This increase was principally attributed to the growth of the Bank's loan portfolios, investment portfolio, and cash balance. Total loans, increased by \$62 million, or 23%, in 2011 and investments increased by \$19 million, or 155%.



## Deposit Balances

IN MILLIONS

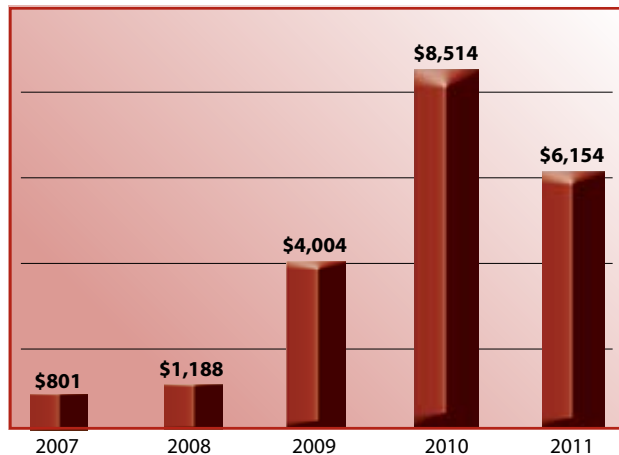


## Deposits

Deposits increased \$105 million, or 45%, in 2011 and continue to grow. This growth is a result of the strength of the Leader Bank brand in the surrounding communities, as well as our focus on community involvement, personal service, and the flexibility to meet our customers' needs.

## Net Income

IN THOUSANDS



## Net Income

Net income was \$6.2 million in 2011, down from \$8.5 million in 2010. The decline was primarily due to lower net gain on the sale of loans. Leader Bank's return on assets (ROA) was 1.70% for 2011, which, according to the FDIC, was better than 90% of Leader Bank's peers across the country.



# Financial Statements



## LEADER BANCORP, INC. CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS, YEARS ENDED DECEMBER 31)

<b>ASSETS</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Cash and due from banks	\$62,601	\$16,311	\$12,398
Interest-bearing deposits	606	841	1,526
<b>CASH AND CASH EQUIVALENTS</b>	<b>63,207</b>	<b>17,152</b>	<b>13,924</b>
Securities held to maturity, at cost	30,647	12,000	10,000
Restricted equity securities, at cost	5,851	5,060	3,951
Loans held for sale	32,546	30,664	28,022
Loans, net	337,440	274,665	241,677
Mortgage servicing assets	8,346	6,832	2,176
Premises and equipment, net	3,072	3,239	2,618
Accrued interest receivable	1,305	1,107	1,042
Investor receivable	21,207	8,875	5,792
Prepaid FDIC Insurance	468	614	889
Other assets	5,404	6,580	2,214
<b>TOTAL ASSETS</b>	<b><u>\$509,493</u></b>	<b><u>\$366,788</u></b>	<b><u>\$312,305</u></b>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>			
Deposits	\$339,550	\$234,921	\$211,753
Federal Home Loan Bank advances	92,180	72,504	61,949
Subordinate debt	12,100	12,100	6,000
Other Liabilities	9,745	9,898	4,024
<b>TOTAL LIABILITIES</b>	<b><u>453,575</u></b>	<b><u>329,423</u></b>	<b><u>283,726</u></b>
Stockholders' equity;			
Preferred stock \$1.00 par value; 500,000 shares authorized:			
Series A, 50,000 shares authorized; 5,830 shares issued	—	—	5,528
Series B, 10,000 shares authorized; 292 shares issued	—	—	324
Series C, 12,852 shares authorized; and issued	12,852	—	—
Common stock, \$0.50 par value 10,000,000 shares authorized:			
3,182,554 issued and 3,177,054 outstanding in 2011;			
3,180,054 and 2,579,384 issued and outstanding			
in 2010 and 2009	1,591	1,590	1,290
Additional paid-in capital	20,187	20,102	13,236
Retained earnings	21,354	15,673	8,201
Treasury shares (5,500 shares)	(66)	—	—
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b><u>55,918</u></b>	<b><u>37,365</u></b>	<b><u>28,579</u></b>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b><u>\$509,493</u></b>	<b><u>\$366,788</u></b>	<b><u>\$312,305</u></b>





# Financial Statements



## LEADER BANCORP, INC. CONSOLIDATED STATEMENTS OF INCOME

(IN THOUSANDS, YEARS ENDED DECEMBER 31)

	2011	2010	2009
<b>INTEREST AND DIVIDEND INCOME</b>			
Interest and fees on loans	\$16,796	\$15,829	\$14,201
Interest and dividends on securities and CDs	857	518	545
Interest on interest-bearing deposits	44	29	39
<b>TOTAL INTEREST AND DIVIDEND INCOME</b>	<b>17,697</b>	<b>16,376</b>	<b>14,785</b>
<b>INTEREST EXPENSE</b>			
Interest on deposits	2,597	2,733	4,298
Interest on Federal Home Loan Bank Advances	2,023	2,226	2,058
Interest on subordinated debt	752	322	279
<b>TOTAL INTEREST EXPENSE</b>	<b>5,372</b>	<b>5,281</b>	<b>6,635</b>
<b>NET INTEREST INCOME</b>	<b>12,325</b>	<b>11,095</b>	<b>8,150</b>
Provision for loan losses	617	1,113	1,537
<b>NET INTEREST INCOME, AFTER PROVISION FOR LOAN LOSSES</b>	<b>11,708</b>	<b>9,982</b>	<b>6,613</b>
<b>NON INTEREST INCOME</b>			
Net gain on sale of loans	12,400	14,594	8,100
Net loan servicing costs	(1,356)	(780)	(330)
Miscellaneous	562	389	529
<b>TOTAL NON-INTEREST INCOME</b>	<b>11,606</b>	<b>14,203</b>	<b>8,299</b>
<b>NON INTEREST EXPENSE</b>			
Salaries and benefits	8,271	5,467	4,437
Occupancy and equipment	1,603	1,321	1,087
Professional services	848	701	593
Data processing	625	683	569
Advertising and marketing	275	249	115
FDIC insurance	181	321	493
Other general and administrative	1,254	1,134	886
<b>TOTAL NON-INTEREST EXPENSE</b>	<b>13,057</b>	<b>9,876</b>	<b>8,180</b>
Income before income taxes	10,257	14,309	6,732
Provision for income taxes	4,103	5,795	2,728
<b>NET INCOME</b>	<b><u>\$6,154</u></b>	<b><u>\$8,514</u></b>	<b><u>\$4,004</u></b>

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

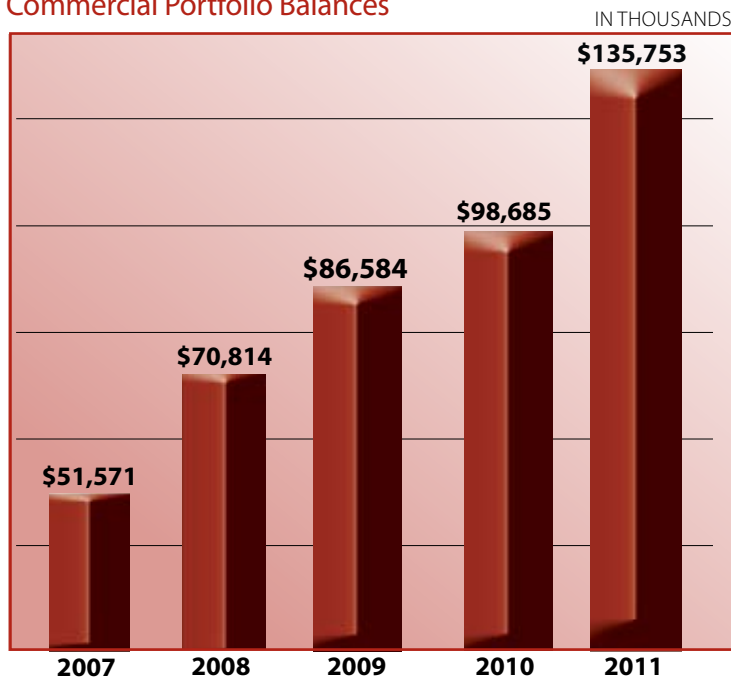


## Helping Businesses Prosper and Grow

At Leader Bank, we provide comprehensive and customized financial solutions, with fast, local decision making to help our clients prosper and grow. Our commercial lending team, with more than 25 years of experience, understands the day-to-day challenges that our customers face. They have the expertise to find the best solutions for our clients.

In 2011, Leader Bank completed 89 new commercial real estate loans, totaling nearly \$60 million in lending. Our commercial real estate portfolio has grown by more than 27% annually since 2007. At a time when many banks are restricting their lending, Leader Bank is aggressively providing lending to our commercial clients so they can continue to prosper.

### Commercial Portfolio Balances



*2011 was a record year in commercial lending.*

*Highlights include:*

- *New originations of nearly \$60 million*
- *Record high portfolio balance of \$136 million*

*Leader Bank specializes in:*

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

### 2011 Sample Commercial Lending Transactions

**WEST BRIDGEWATER**  
Office Building

**\$5,250,000**  
REFINANCE

**September 2011**

**MIDDLEBOROUGH**  
Apartment Building

**\$2,500,000**  
REFINANCE

**August 2011**

**BROOKLINE**  
Mixed Use

**\$2,000,000**  
REFINANCE

**September 2011**

**WESTWOOD**  
Office Building

**\$1,413,000**  
PURCHASE

**September 2011**

**BRIGHTON**  
Apartment Building

**\$650,000**  
PURCHASE

**November 2011**



*John David Corey and Cheryl Glantz outside one of Mr. Corey's Beacon Hill properties.*

### **Boston Investment & Development**

Since founding Boston Investment & Development in 1996, John David Corey has been an active investor and developer in the Boston real estate market. Leveraging his real estate background and understanding of the marketplace, Mr. Corey has focused on real estate properties that need renovation or repositioning to maximize their value. In order to successfully carry out this strategy, Mr. Corey knew he needed a strong banking relationship.

Cheryl Glantz, Leader Bank's Senior Vice President of Commercial Lending, first worked with Mr. Corey in 2001 on the purchase of a 9-unit multifamily property in Boston's North End. The transaction required a flexible financing structure to allow for repositioning the property. This first transaction was the beginning of a long-term, successful relationship between Cheryl and Mr. Corey. Since then, they have worked together on more than 10 different properties, utilizing a wide range of mortgage products, including permanent, acquisition, and construction financing.

"I have had the distinct pleasure and honor to serve as John's banker and trusted advisor through many loan

transactions over the last 10 years," said Cheryl Glantz. "When I joined Leader Bank, I knew that John and the bank would be a great fit."

When investing in real estate, Mr. Corey has also demonstrated a firm commitment to and a vested interest in the neighborhoods where he develops properties. For instance, he sits on the board of the Beacon Hill Civic Association, working diligently to make the community a better place to live and work. This community focus and active participation is similar to Leader Bank's approach to business, to relationships, and to the community.

"Leader Bank has been able to offer a broad range of lending products that are hard to find in a large bank, let alone a community bank," said Mr. Corey. "My projects often fall outside of the standard loan 'box', but Leader Bank has been able to craft products to fit my needs."

Leader Bank is proud to be a partner with Boston Investment & Development, providing financing on five different properties, including Mr. Corey's primary residence.



## A Leader in Supporting Massachusetts Small Businesses

In 2011, Leader Bank expanded on its commitment to the small businesses in our communities. We closed 58 loan transactions for approximately \$16 million in lending to small businesses. Our small business lending includes traditional business loans, Small Business Administration (SBA) loans, and letters of credit, to name a few. This year, Leader Bank also added medallion lending – loans to support taxi medallion owners – to our portfolio.

Leader Bank maintains its status as a preferred lender of the SBA. In 2011, Leader Bank also was a proud participant in the Small Business Banking Partnership, sponsored by the Massachusetts State Treasury, and the Small Business Lending Fund, sponsored by the U.S. Treasury Department.

Small Business Portfolio Balances IN THOUSANDS



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*2011 was a record year in small business lending. Highlights include:*

- *New originations of nearly \$16 million*
- *Record high portfolio balance of \$17.5 million*
- *#7 Rating in the 4th Quarter for SBA Loans*

*Leader Bank specializes in:*

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

### 2011 Sample Small Business Lending Transactions

<b>EVERETT</b> Electrical Company  <b>\$750,000</b> LINE OF CREDIT SBA 7A  <b>December 2011</b>	<b>BOSTON</b> Taxi Medallion  <b>\$335,000</b> PURCHASE  <b>October 2011</b>	<b>CAMBRIDGE</b> Taxi Medallion  <b>\$330,000</b> REFINANCE  <b>December 2011</b>	<b>ARLINGTON</b> Liquor Store  <b>\$300,000</b> LINE OF CREDIT SBA EXPRESS  <b>July 2011</b>	<b>BROOKLINE</b> Dental Practice  <b>\$247,500</b> TERM LOAN SBA EXPRESS  <b>February 2011</b>
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Matthew Pierce of Leader Bank, Ian Chan of Abpro Corporation, and Geoff Lee Seyon of Medullan, Inc. at Abpro's Lexington facility.

### Medullan, Inc.

Medullan, Inc. is a software innovation firm that creates products for healthcare industry leaders. Leader Bank first met Geoff Lee Seyon, Medullan's current Executive Chairman, in 2008, when Medullan was looking for a lender to help support its growing business. At that time, Leader Bank provided Medullan with a commercial term loan and a commercial line of credit for working capital. As their relationship grew, Leader Bank increased the line of credit on several occasions, including in 2011, allowing Medullan to support new contracts and meet additional working capital needs. "Leader Bank has been instrumental in Medullan's continued growth since 2008," said Mr. Seyon. "I could think of no better bank to assist other small businesses than Leader Bank."

### Abpro Corporation

Abpro Corporation is an emerging leader in the reagents field that provides recombinant proteins and next-generation antibodies at faster rate than the rest of the industry. Ian Chan, Abpro's President, CEO, and Founder, was introduced to Leader Bank by Mr. Seyon, whom he became friends with during their time together at Harvard Business School. Mr. Chan was seeking to establish a commercial relationship with a financial institution that could understand Abpro's business needs. With Abpro's success and expanding business, they needed a bank that could work with them to build out new space and obtain new equipment to support this growth. Leader Bank was able to structure an SBA equipment loan for Abpro, which allowed Mr. Chan and his company to relocate into a larger commercial space in Lexington and create more than 25 new jobs in Massachusetts.

*"It is extremely gratifying that the strong relationship we have built with Medullan has led to the opportunity to assist another great small business like Abpro," said Matthew Pierce, Senior Vice President of Commercial Lending. "We hope that our high quality service continues to make us the lender of choice for such innovative companies."*

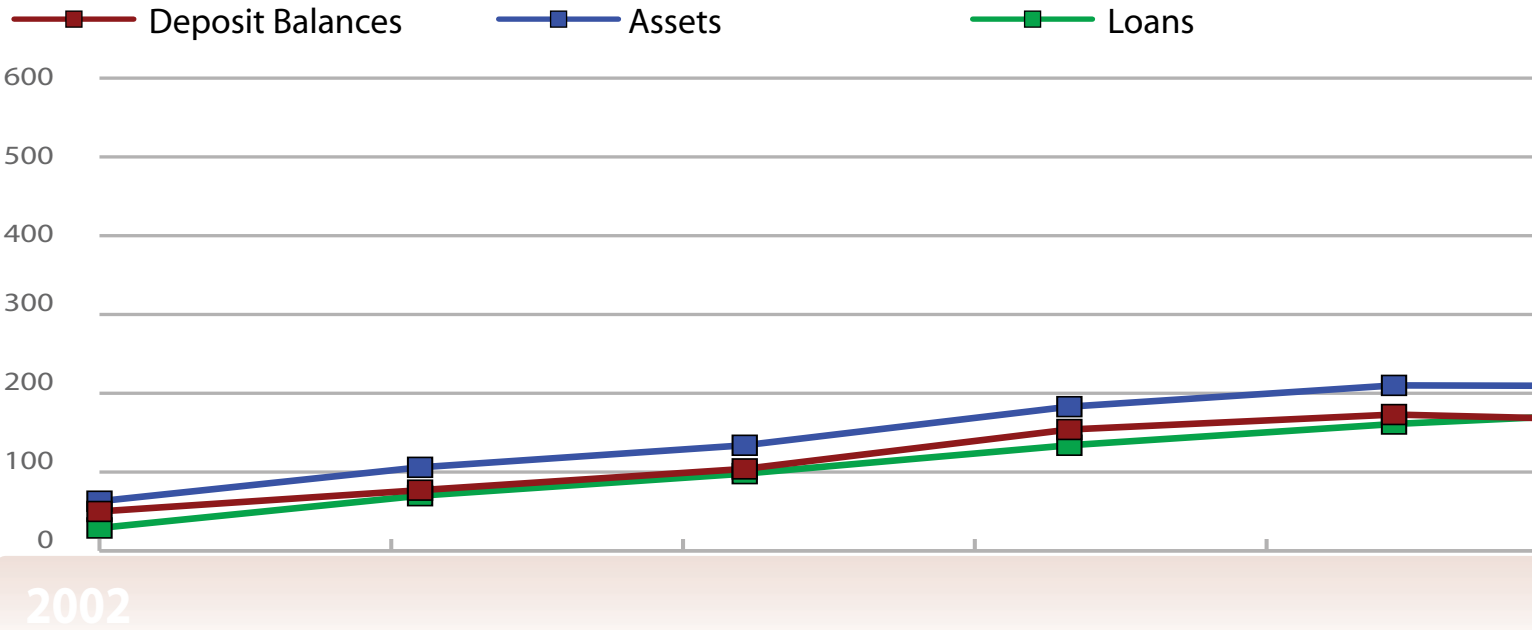




# Timeline



## LEADER BANK 10



May 8, 2002

Leader Bank opens the doors to its first branch in East Arlington



June 29, 2005

Leader Bank opens its third branch in Cambridge's Central Square



September 8, 2004

Leader Bank opens its second branch in Arlington Center



August 23, 2006

Leader Bank completes formation of holding company



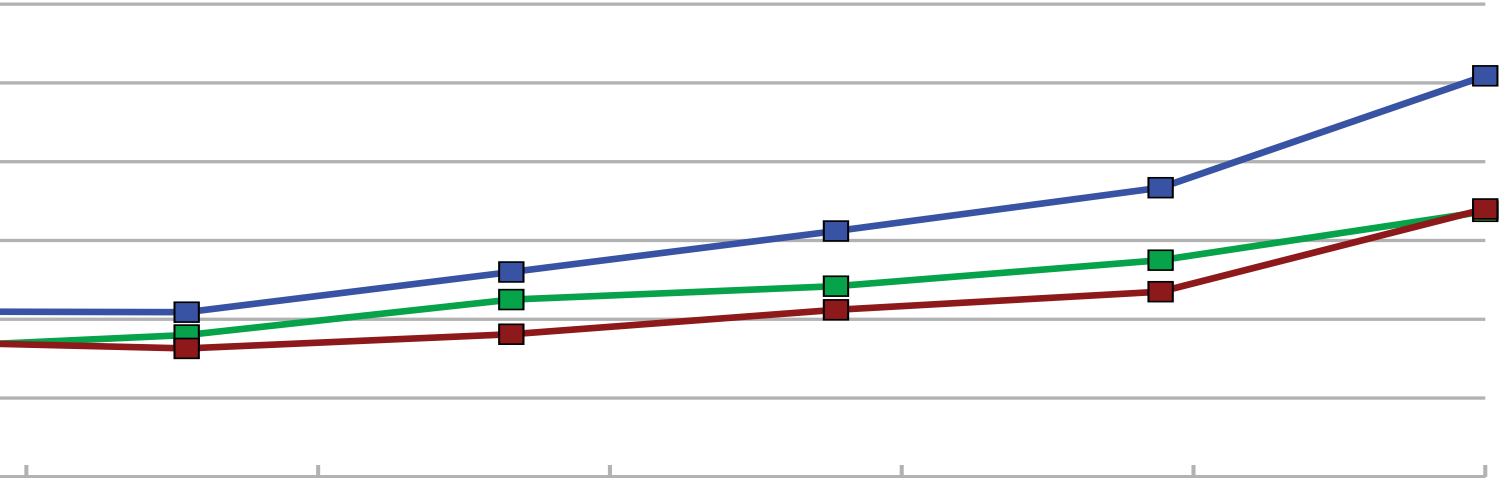


# Timeline



## TH ANNIVERSARY

IN MILLIONS



2011

January 14, 2008

Leader Bank opens its fourth branch in Belmont



May 2009

Leader Bank opens a loan production center in Needham



September 2008

Leader Bank opens a production center in Burlington



August 2010

Leader Bank is designated a Preferred Lender Program by the Small Business Association



September 2010

Leader Bank opens its fifth branch in Burlington

December 2011

Leader Bank surpasses \$500 million in total assets



*Paul Mitchell of Leader Bank and Fuad Mukarkar at Nicolas Market & Deli in Belmont.*

### **Nicolas Market & Deli**

Fuad Mukarkar first began operating his Belmont, Massachusetts convenience store in 2005 as a franchisee of White Hen Pantry. Mr. Mukarkar's relationship with Leader Bank began in 2010 with numerous discussions that lead to a business banking relationship with Paul Mitchell, Leader Bank Vice President and Business Banking Officer. During this year, Mr. Mukarkar transferred his business accounts to Leader Bank and began working directly with the management at our conveniently located Belmont branch.

It was also during this time period that 7-Eleven purchased White Hen Pantry and began converting stores. This event provided Mr. Mukarkar an opportunity to operate his store under his own banner. Matthew Pierce, SVP of Commercial Lending visited the store to meet with Mr. Mukarkar and learn more about his business. This dialogue led to the eventual funding of an SBA Commercial Term Loan in April of 2011, allowing for the conversion of the store to Nicolas Market & Deli.

"The relationship that I have formed with Leader Bank blossomed because of the strong foundation that we laid from the very beginning," states Fuad Mukarkar. "Leader Bank has been a reliable and trustworthy source of growth for my business over the past two years and I am sure that they will continue to exceed my expectations."

The relationship has continued to grow over the past year. Leader Bank has provided Mr. Mukarkar with funding to purchase the commercial building where Nicolas Market & Deli is located. Leader Bank has also installed its first cash dispensing ATM inside the store.

"We are honored that Mr. Mukarkar has chosen Leader Bank to service his business banking needs," states Paul Mitchell. "I believe that the 'all inclusive' relationship that has formed with Mr. Mukarkar is a testament to the overall dedication that we all have in providing a superior customer service in all areas of Leader Bank."



## Business Banking Products & Services

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:

### Remote Deposit Capture

Deposit checks easily and conveniently from the comfort of your own office! Using a special scanning machine, checks can be deposited directly into your Leader Bank business account.

### Merchant Services

Leader Bank can provide your business with an easy and efficient system to accept payments from all major credit cards, including Visa, Mastercard, Discover and American Express.

### Escrow Account Services for Landlords and Attorneys

Leader Bank now offers escrow sub-accounts that can be linked to your business operating account. Escrow accounts are a great option for landlords with multiple properties or attorneys holding funds for borrowers.

### Lockbox Services

Leader Bank's lockbox service transfers the responsibility of collecting and depositing checks away from your office! Checks can now be mailed to a secure post office location, where Leader Bank will retrieve and deposit them directly into your business account.

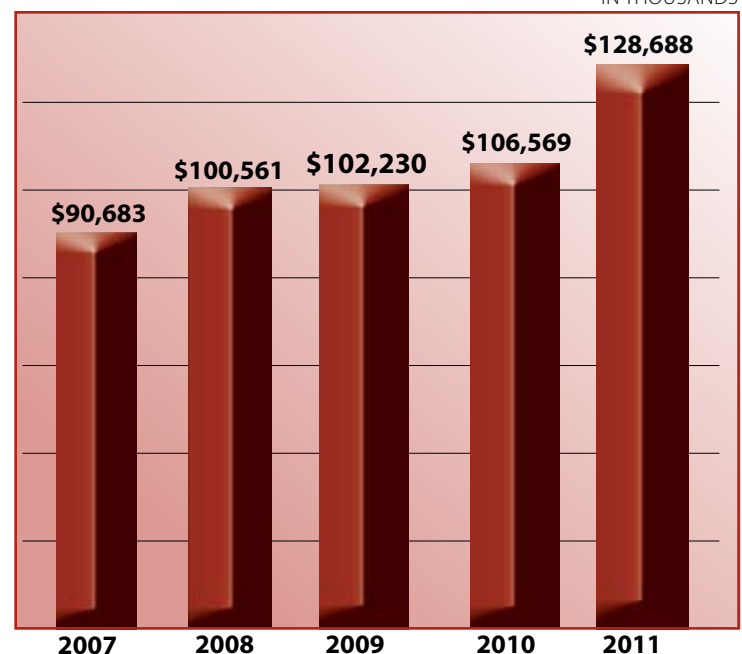
## Business Banking Team



From left to right: Marc Romvos, Paul Mitchell, Sumit Dhankhar

### Business Account Balances

IN THOUSANDS





## Using Technology to Stay “A Step Ahead”

### Sum Network ATMs

Leader Bank is a participant in the ATM SUM Network, which provides you with an increasing number of free ATMs in which to access your funds.

### Online Account Opening

Leader Bank offers a special eSavings account that can be opened from the comfort of your own home! Simply complete an application online and receive confirmation of your account opening without ever having to leave your couch.

### Custom Debit Cards

Express yourself with a customized debit card from Leader Bank! Upload your favorite snapshot or choose one from our gallery to personalize your debit card.



### eStatements

Receive your monthly account statements online! Not only will you have access to all of your previous statements through online banking, but we will even make sure that you receive an email notification when your eStatement is ready to view.

### eAlerts

Leader Bank’s customizable eAlerts will email you whenever there is activity on your accounts. These free, convenient alerts can be received when you’re at home or on-the-go so you are never out of touch with your financial information. Be notified when...

- ✓ A deposit is made...
- ✓ An electronic bill is paid...
- ✓ Your CD is maturing...
- ✓ Your debit card is used...
- ✓ Your balance is low...
- ✓ Your loan payment is due...and more!

### Leader eBusiness

This online banking system for businesses offers 24/7 real time account access. Among other things, Leader eBusiness allows you to transfer funds, initiate stop payments and wire transfers, view check images and statements and originate ACH transactions.

### Mobile Banking

**(COMING SOON!)**

Leader Bank will soon be releasing our mobile banking applications, which will allow you the convenience of checking your account balances and completing transactions while on-the-go!





# Residential Lending



Leader Bank Vice President and Loan Officer Jeff Esterkes conducting a first-time homebuyer seminar.

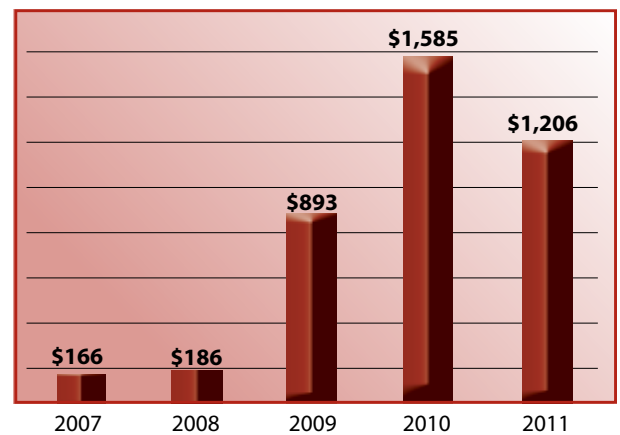
## Leader Bank Sponsors First-Time Homebuyers Seminars

In 2011, Leader Bank played a leading role in assisting Massachusetts residents looking to become home owners. Working with community partners such as Community Services Network and Coastal Homebuyers Education, Inc., Leader Bank loan officers attempted to demystify the home buying process and answer questions from those looking to share in the American Dream of home ownership.

.....  
*Our growing team of loan officers closed \$1.2 billion in new residential loans, representing 3,769 transactions, making us the 10th largest residential mortgage lender in Massachusetts.*  
.....

## Closed Loans (\$)

IN MILLIONS



## 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



# Community Commitment



Leader Bank sponsoring and participating in the Walk for Hunger.

*“We are thankful to Leader Bank for supporting the Walk for Hunger. It is gratifying to be associated with a bank that supports its community.”*

*-Ajay Mehta  
Long-time business customer of Leader Bank*

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

- Alex’s Team Foundation
- American Cancer Society
- Arlington Catholic High School
- Arlington Center for the Arts
- Arlington Heights Nursery School
- Arlington Sons of Italy
- Belmont Center Business Association
- Bishop Community Theater
- Boston Symphony Orchestra
- Cambridge Housing Assistance Fund
- Cambridge Rotary
- Cambridge YMCA
- CSL Foundation
- Dana Farber Cancer Institute
- Dover Sherborn Youth Baseball/Softball
- Fayerweather Street School
- Feast of the East
- Fidelity House
- First Time Home Buyers
- FISCO
- Friends of the Belmont Council on Aging
- Heart of Arlington
- Hometown Publications
- Housing Corporation of Arlington
- Jewish Family & Children’s Services
- India Development and Relief Fund
- Indian Association of Merrimack Valley
- Margaret Fuller Neighborhood House
- Minuteman Parent Association
- Needham High School
- Ottoson Middle School
- St. Athanasius
- The Children’s Room
- Thompson School
- Town of Arlington
- United India Association of New England
- Visiting Nurses & Community Health
- Watertown Belmont Chamber
- West Roxbury Christmas Lights
- YWCA

## Volunteering and Donations

- **Housing Corporation of Arlington** - In 2011, Leader Bank employees volunteered to participate in the Walk for Affordable Housing sponsored by the Housing Corporation of Arlington (“HCA”). The HCA provides and advocates for affordable housing for low- and moderate-income families in Arlington.
- **Cambridge Housing Assistance Fund** - Leader Bank made a \$2,500 donation to sponsor the Home Sweet Home dessert tasting event for the Cambridge Housing Assistance Fund (“CHAF”). The CHAF provides housing and rental assistance to homeless and near homeless families and individuals, and has helped over 1,500 families since 1999.
- **YWCA Cambridge** - Leader Bank made a \$1,000 donation to the YWCA Cambridge to assist their mission in providing support and shelter to indigent women and children in the Cambridge community.





## Celebrating 10 Years



Leader Bank's banner leading the Arlington Patriots' Day Parade.

### Arlington Patriots' Day Parade

To celebrate our 10th Anniversary, Leader Bank sponsored the Arlington Patriots' Day Parade. The parade commemorates Arlington's Revolutionary War history as a gathering place for American militia following the Battle of Lexington and Concord. As the only bank headquartered in Arlington and one of Arlington's biggest employers, Leader Bank was proud to sponsor the parade and provide balloons, candy, and other free items to the parade watchers. All told, more than 100 Leader Bank employees and family members attended the parade.



Jessica Shaffer of Leader Bank and Y.K. Gary Chu, OD, MPH of New England Eye Institute by the Mobile Eye Clinic.



Leader Bank employees and family riding our trolley during the parade.



## 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.

### **Sushil K. Tuli Named One of the Region's "Most Admired CEOs"**

The Boston Business Journal recently named Leader Bank's President & CEO Sushil K. Tuli one of the region's "Most Admired CEOs". He was honored at the Journal's "Most Admired Companies, CEOs and Brands" event at the Sheraton Boston Hotel.

"Companies become the most admired for many reasons, but none more than consistently surpassing customers' expectation," said Christopher McIntosh, publisher of the Boston Business Journal.



## *Board of Directors*



**Sushil K. Tuli**



**Priscilla H. Douglas**



**Christopher Marquis**



**James M. McKenna**



**V.G. Narayanan**



**Peter Palandjian**



**Eric Silverman**

**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** is an Associate Professor in the Organizational Behavior unit at the Harvard Business School and is affiliated with the HBS Social Enterprise Initiative and Harvard University Hauser Center for Non-Profit Organizations.

**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** is the Chairman & Chief Executive Officer of Intercontinental Real Estate Corporation, overseeing the affiliated operating companies with primary responsibility for Investment Strategy and Institutional Relationships.

**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.





## 2011 Milestones



### Record Commercial Lending Growth

In 2011, Leader Bank saw record growth in its commercial and small business lending. New loans in 2011 totaled more than \$76 million, as compared to \$20 million in 2010. This growth was driven by continued Leader Bank penetration of our markets, as well as the addition of two new commercial loan officers – Cheryl Glantz and Paul Moran. For the 4th quarter, Leader Bank ranked 7th in Massachusetts in SBA lending.

### Top 10 Residential Lending

For 2011, Leader Bank ranked 10th in residential lending in Massachusetts. Overall, the bank originated more than \$1.2 billion in loans, second most in the company's history. This was accomplished despite a more rigorous underwriting and regulatory environment.

### Expanding the Business Banking Operations



**Marc Romvos**  
Director of  
Business Banking

In 2011, Leader Bank formed a dedicated business banking practice, to market to the business customers in our footprint. Led by Marc Romvos, this team has already begun making its mark, converting businesses to Leader Bank deposit customers and providing warm introductions for the commercial and small business lending teams.

### SBBP and SBLF

Leader Bank participated in both the Small Business Banking Partnership (SBBP), through the Massachusetts State Treasury, and the Small Business Lending Fund (SBLF), through the U.S. Department of Treasury. Between these two programs, Leader Bank received \$13 million of new capital and \$10 million in new deposits for lending to small businesses.



*The grand opening of Pinkberry Frozen Yogurt in Harvard Square. Pictured from left to right: Mark Orent, Vice President and Branch Manager; Paul Mitchell, Vice President and Business Banking Officer; Matt Pierce, SVP of Commercial Lending; Thomas Groom, Pinkberry franchisee; Alice Wolf of Cambridge; Sushil K. Tuli, CEO & President of Leader Bank; Paul Nassar, CFO & COO of Intercontinental Real Estate Corp.; Trippe Lonian, Pinkberry CEO of Mass; and Treasurer Steven Grossman.*

## A Look Ahead to 2012

Leader Bank has big plans for 2012 to continue building on the success of 2011, including:

- **A new retail branch in Arlington Heights.** We expect to open our next retail branch this year, solidifying our Arlington presence.
- **Expanding our presence in residential lending.** We plan to grow our market share in residential lending, through more efficient operations and through the recruitment of high quality loan officers. We will continue to focus on the purchase market, especially the first time homebuyer market and the low-to-moderate income market.
- **Building on the success of our commercial and small business lending.** Last year's commercial and small business lending was a great success. With this momentum, we plan to continue that success by actively lending to the small businesses in our markets. We are anxious to support the businesses that support Massachusetts.



## Department Managers



### Commercial Lending



**Matthew Pierce**

Senior Vice President, Commercial Lending

**Cheryl Glantz**

Senior Vice President, Commercial Lending

### Business Development



**Art McGill**

Vice President, Business Development

**Patrick Boyaggi**

Vice President, Business Development & Lending

**Jay Tuli**

Vice President, Business Development

### Security



**Bret Schofield**

Vice President,  
Security and  
Facilities Officer

### Credit Analysis



**Mark Haroutunian**

Vice President  
Credit Officer

### Loan Servicing



**Kenneth Masterson**

Vice President,  
Loan Servicing



**Antonette Davis**

Vice President,  
Loan Servicing

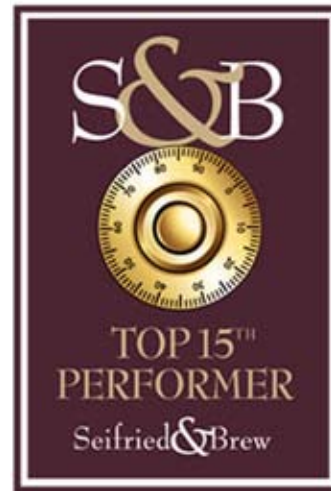


## Honors & Accomplishments



**Leader Bank**  
 Ranked  
**9<sup>th</sup> in the 2011**  
 National list of  
**Top Performing Banks**  
 by the

**ABABANKINGJOURNAL**



**Leader Bank**  
 Ranked in the  
**S & B**  
 2011  
**Top 15th Percentile**  
 of Community Banks



The Boston Globe  
 named Leader Bank as  
 one of the **Top 100 Places to Work** in Massachusetts



Since September 2010, Leader Bank  
 has received the distinguished  
**5-STAR SUPERIOR RATING** from Bauer Financial Inc.  
 an independent bank rating and research firm



Leader Bank  
 named to  
 Inc. Magazine's  
**2011**  
 &  
**2008**  
 Fastest Growing  
 Private Companies

**Leader Bank**  
 Named 2007  
**Business of the year**  
 by

The **Arlington**  
 Chamber of Commerce





## Branch Managers



Standing from left to right: Mark Orent, Savy Ouk-Fernandes, Paul Varghese Seated: Kusum Jain, Mackenzie Bigelow

### East Arlington Branch

**Savy Ouk-Fernandes**, AVP, Branch Manager  
141 Massachusetts Avenue  
Arlington, MA 02474  
Tel: 781-641-3900  
Email: sfernandes@leaderbank.com  
Open: Mon-Wed: 8:30 am - 4:00 pm  
Thurs-Fri: 8:30 am - 6:00 pm  
Sat: 9:00 am - 1:00 pm

### Central Square Branch

**Mark Orent**, VP, Branch Manager  
675 Massachusetts Avenue  
Cambridge, MA 02139  
Tel: 617-497-2500  
Email: markorent@leaderbank.com  
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**, VP, Branch Manager  
50 Mall Road, Suite 110  
Burlington, MA 01803  
Tel: 781-221-1700  
Email: pvarghese@leaderbank.com  
Open: Mon-Fri: 9:00 am - 6:00 pm  
Sat: 9:00 am - 1:00 pm

### Arlington Center Branch


**Mackenzie Bigelow**, Branch Manager  
449 Massachusetts Avenue  
Arlington, MA 02474  
Tel: 781-641-0020  
Email: mbigelow@leaderbank.com  
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

**Kusum Jain**, VP, Branch Manager  
363 Pleasant Street  
Belmont, MA 02478  
Tel: 617-489-5100  
Email: kjain@leaderbank.com  
Open: Mon-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



**A Step Ahead**  
**Since 2002**  
**and**  
**a**  
**Leader**  
**in**  
**Community Banking**  
**for**  
**Decades to Come**