

2012 ANNUAL REPORT



Another Year of
**OUTSTANDING
PERFORMANCE**





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, Needham, and Westwood.

Our Business

Leader Bank, N.A. offers a complete suite of retail and commercial banking services, including innovative deposit accounts and online products for individuals as well as 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, customers can log on 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 that support the 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 strive for excellence
- To give our employees the tools and training they need to deliver on our customer promises

Our Shareholders

- To create a bank that gives shareholders 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:

As we begin our second decade, I am proud to say that 2012 was another year of record operating and financial performance for Leader Bank, as once again we met or exceeded all of our stated goals and objectives. I am happy to report that Leader Bank's performance has been acclaimed as one of the strongest community banks in not only Massachusetts, but also the entire country. Thanks to the dedication of our employees, who now number more than 200, and the support of our customers and friends, Leader Bank has continued to build on our record of success; we look forward to continuing to provide the highest quality of service to our customers for years to come.

Despite the continued volatility in the economy and the uncertainty caused by the "fiscal cliff," I am pleased to announce that Leader Bancorp has had its most profitable year to date with net income of nearly \$15 million, representing a 2.71% return on assets and a 30.03% return on common equity. Due to record low interest rates, increased demand in the housing market, and our increased focus on commercial lending, Leader Bank originated over \$2.4 billion in residential and commercial loans in the past year. Thanks to the efforts of our residential lending staff, Leader Bank ranked as the seventh largest lender in Massachusetts for 2012. Additionally, our assets increased from \$509 million to \$587 million, an increase of \$78 million, and both our loan portfolio and total deposits grew nearly 15% for the year.

Leader Bank's growth goes far beyond our balance sheet. In 2012, we opened our sixth branch in Arlington Heights, expanding our retail banking presence even further. Additionally, with the purchase of the Leader Plaza building, which houses our residential lending and servicing operations, we now have five locations in the town of Arlington. Leader Bank has also made great strides in technology in the past 12 months, expanding our online banking capabilities and launching mobile banking to ensure we remain at the forefront of banking in the 21st century.

The past year also brought recognition of our accomplishments. I am extremely proud that the Boston Globe yet again named Leader Bank one of the Top 100 Places to Work in Massachusetts for 2012. Thanks to the efforts of our tireless commercial lending team, I was honored as the 2012 Massachusetts Financial Services Champion by the U.S. Small Business Administration due to Leader Bank's efforts and outreach in small business lending. MassHousing also honored Leader Bank for our work with minority and low-to-moderate income borrowers, naming the Bank the "Top Minority Lender" in all of Massachusetts.

These recognitions form only a small portion of the achievements of Leader Bank over the past year, and we could not sustain such successes without the support of our Board of Directors and the hard work of our employees. Their commitment to both Leader Bank and our customers ensures that we will always provide the highest quality services in banking and lending.



Sushil K. Tuli

Chairman, President & CEO

"Leader Bank's entrepreneurial spirit and dedication to superior customer service have served as the foundation of our growth and will fuel our successes for years to come."

Sincerely,

Sushil K. Tuli, President & CEO



Financial Highlights



(IN THOUSANDS, EXCEPT ACCOUNTS)

PERFORMANCE STATISTICS	2012	2011	2010
Total Assets	\$587,645	\$509,493	\$366,788
Total Deposits	\$388,289	\$339,550	\$234,921
Total Equity	\$69,747	\$55,918	\$37,365
Total Net Loan Portfolio	\$386,453	\$337,440	\$274,665
Total Loans Closed	\$2,464,362	\$1,282,261	\$1,605,320
Deposit Accounts	11,687	9,755	8,539
EARNINGS			
Net Interest Income	\$16,261	\$12,325	\$11,095
Non Interest Income	\$28,175	\$11,606	\$14,203
Non Interest Expense	\$17,704	\$13,057	\$9,876
Income Before Taxes	\$25,254	\$10,257	\$14,309
Net Income	\$14,912	\$6,154	\$8,514
RATIO			
Return on Assets	2.71%	1.55%	2.53%
Return on Common Equity	30.03%	13.75%	25.36%
Net Interest Margin	3.10%	3.24%	3.44%
Efficiency Ratio	39.79%	54.56%	39.04%
CAPITAL			
Equity Capital to Assets	11.87%	10.98%	10.19%
Core Capital (leverage)	11.79%	12.12%	9.81%
Tier 1 Risk-based Capital	17.39%	16.05%	13.85%
Total Risk-based Capital	20.99%	20.25%	19.46%

2012 Peer Group Comparative Performance

PERFORMANCE METRICS	LEADER BANK ⁽¹⁾	PEER GROUP AVERAGE	LEADER BANK PERCENTILE RANK
Return on Assets	2.83%	0.92%	98
Return on Common Equity	22.71%	8.69%	96
Net Interest Margin	3.20%	3.83%	13
Non-Interest Income / Assets	5.15%	0.78%	98
Efficiency Ratio	39.06%	66.80%	98
ASSET QUALITY METRICS			
Net Loans / Assets	75.76%	62.58%	84
Non Performing Loans / Total Loans	0.04%	2.04%	96
Net Loss / Total Loans	0.17%	0.51%	69
GROWTH METRICS			
Net Loans & Leases	19.04%	3.62%	89
Total Assets	15.36%	5.12%	86

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

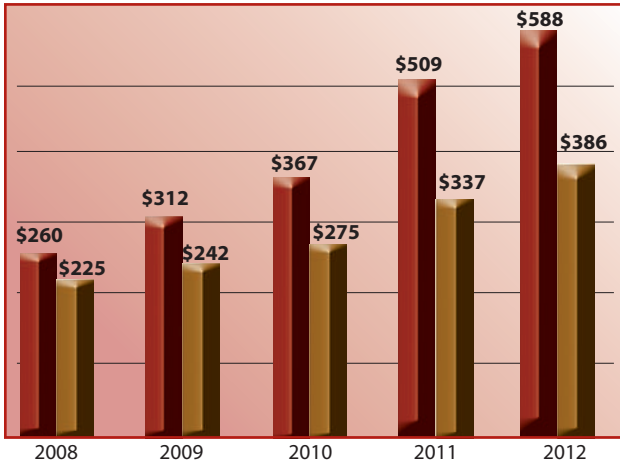


Historical Growth



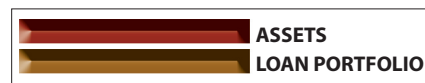
Assets & Loan Portfolio

IN MILLIONS



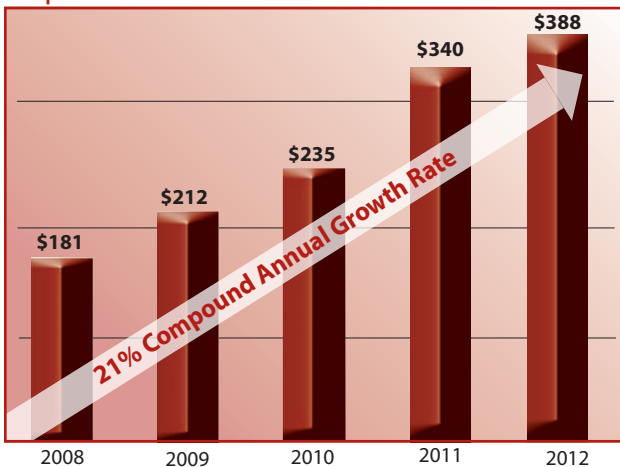
Assets & Loans

Assets grew by \$79 million, or 15%, ending the year at \$588 million. This increase was principally attributed to the growth of the Bank's residential loan, commercial loan, and investment portfolios. Total loans increased by \$49 million, or 14%, and investments increased by \$17 million, or 47%.



Deposit Balances

IN MILLIONS

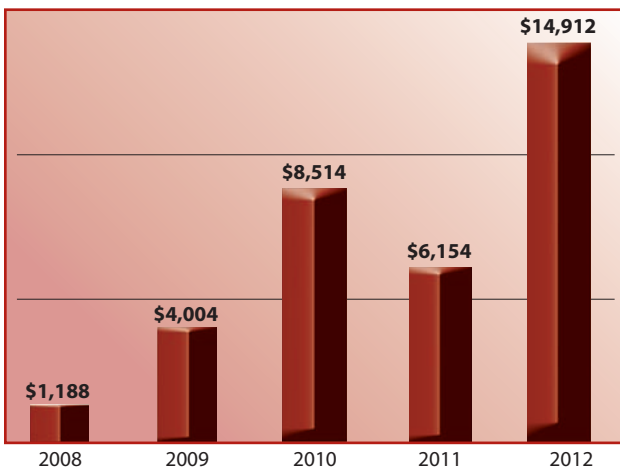


Deposits

Deposits increased \$48 million, or 14%, in 2012 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. Since 2008, deposits have grown at a compound annual rate of 21%.

Net Income

IN THOUSANDS



Net Income

Net income was \$14.9 million in 2012, an increase of \$8.8 million or 142% from 2011. The increase was principally due to higher profitability in residential lending. Leader Bank's return on assets (ROA) was 2.83%, which, according to the FDIC, was better than 98% of Leader Bank's peers across the country.



Financial Statements



LEADER BANCORP, INC. CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS, YEARS ENDED DECEMBER 31)

ASSETS	2012	2011	2010
Cash and due from banks	\$55,674	\$62,601	\$16,311
Interest-bearing deposits	4	606	841
CASH AND CASH EQUIVALENTS	55,678	63,207	17,152
Securities held to maturity, at cost	46,217	30,647	12,000
Restricted equity securities, at cost	7,012	5,851	5,060
Loans held for sale	53,977	32,546	30,664
Loans, net	386,453	337,440	274,665
Premises and equipment, net	11,104	3,072	3,239
Accrued interest receivable	1,427	1,305	1,107
Mortgage servicing assets	12,327	8,346	6,832
Investor receivable	8,416	21,207	8,875
Prepaid FDIC Insurance	256	468	614
Other assets	4,778	5,404	6,580
TOTAL ASSETS	<u>\$587,645</u>	<u>\$509,493</u>	<u>\$366,788</u>
LIABILITIES & STOCKHOLDERS' EQUITY			
Deposits	\$388,289	\$339,550	\$234,921
Federal Home Loan Bank advances	103,905	92,180	72,504
Subordinate debt	12,100	12,100	12,100
Net deferred tax liability	4,636	2,204	—
Other liabilities	8,968	7,541	9,898
TOTAL LIABILITIES	<u>517,898</u>	<u>453,575</u>	<u>329,423</u>
Stockholders' equity;			
Preferred stock, \$1.00 par value; 500,000 shares authorized:			
Preferred stock, Series C, \$1.00 par value; \$1,000 liquidation value; 12,852 shares authorized and issued	12,852	12,852	—
Common stock, \$0.50 par value 10,000,000 shares authorized:			
3,252,679 issued and 3,234,779 outstanding in 2012;			
3,182,554 issued and 3,177,054 outstanding in 2011	1,626	1,591	1,590
Additional paid-in capital	20,739	20,187	20,102
Retained earnings	34,763	21,354	15,673
Treasury shares (17,900 and 5,500 shares, respectively)	(233)	(66)	—
TOTAL STOCKHOLDERS' EQUITY	<u>69,747</u>	<u>55,918</u>	<u>37,365</u>
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	<u>\$587,645</u>	<u>\$509,493</u>	<u>\$366,788</u>



Financial Statements



LEADER BANCORP, INC. CONSOLIDATED STATEMENTS OF INCOME

(IN THOUSANDS, YEARS ENDED DECEMBER 31)

	2012	2011	2010
INTEREST AND DIVIDEND INCOME			
Interest and fees on loans	\$20,762	\$16,796	\$15,829
Interest and dividends on securities and CDs	1,233	857	518
Interest on interest-bearing deposits	61	44	29
TOTAL INTEREST AND DIVIDEND INCOME	22,056	17,697	16,376
INTEREST EXPENSE			
Interest on deposits	2,973	2,597	2,733
Interest on Federal Home Loan Bank advances	2,054	2,023	2,226
Interest on subordinated debt	768	752	322
TOTAL INTEREST EXPENSE	5,795	5,372	5,281
NET INTEREST INCOME	16,261	12,325	11,095
Provision for loan losses	1,478	617	1,113
NET INTEREST INCOME, AFTER PROVISION FOR LOAN LOSSES	14,783	11,708	9,982
NON INTEREST INCOME			
Net gain on sale of loans	32,131	12,400	14,594
Net loan servicing costs	(4,503)	(1,356)	(780)
Miscellaneous	547	562	389
TOTAL NON-INTEREST INCOME	28,175	11,606	14,203
NON INTEREST EXPENSE			
Salaries and benefits	11,105	8,271	5,467
Occupancy and equipment	1,945	1,603	1,321
Professional services	1,046	848	701
Data processing	849	625	683
Advertising and marketing	374	275	249
FDIC insurance	241	181	321
FHLB prepayment penalty	354	—	—
Other general and administrative	1,790	1,254	1,134
TOTAL NON-INTEREST EXPENSE	17,704	13,057	9,876
Income before income taxes	25,254	10,257	14,309
Provision for income taxes	10,342	4,103	5,795
NET INCOME	<u>\$14,912</u>	<u>\$6,154</u>	<u>\$8,514</u>

For an electronic version of the audited financial statements, please email Brian Taylor at btaylor@leaderbank.com.

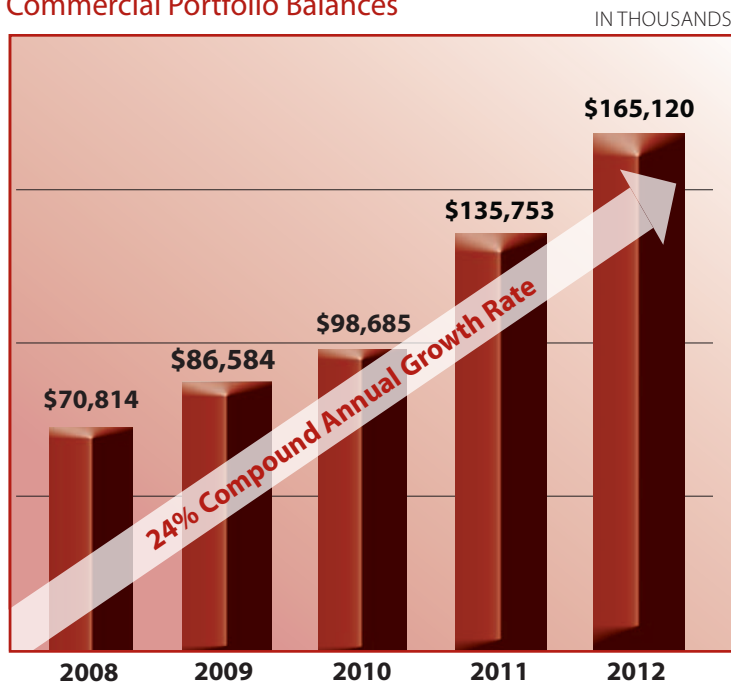


Helping Businesses Prosper and Grow

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 each client.

In 2012, Leader Bank completed 98 new commercial real estate loans, totaling nearly \$98 million in lending. Our commercial real estate portfolio has grown 24% annually since 2008. At a time when many banks are restricting their lending, Leader Bank is actively providing lending to our commercial clients so they can continue to prosper.

Commercial Portfolio Balances



2012 was a record year in commercial lending.

Highlights include:

- *New originations of almost \$100 million*
- *Record high portfolio balance of \$165 million*

Leader Bank specializes in:

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

2012 Sample Commercial Lending Transactions

BOSTON
Hotel

\$8,000,000
REFINANCE

May 2012

CAMBRIDGE
Mixed Use - Retail/
Apartments

\$6,650,000
PURCHASE/
CONSTRUCTION

October 2012

SOMERVILLE
Apartments

\$4,200,000
PURCHASE

October 2012

BACK BAY
Mixed Use - Retail/
Apartments

\$3,800,000
REFINANCE

December 2012

BOSTON
Mixed Use - Retail/
Apartments

\$3,000,000
REFINANCE

April 2012



Corvo Construction owners Aldo Ruscito, Anthony Ruscito, Sr., and Anthony Ruscito, Jr. with Cheryl Glantz, Leader Bank's Senior Vice President of Commercial Lending

Corvo Construction

Corvo Construction is a third generation building company started by GrimoAldo Ruscito, who immigrated to the United States from Italy in the 1950s. The original company, Aldo Ruscito and Sons, was established in the early 1960s. After leaving the business, the two "Sons," Aldo and Anthony Ruscito, branched off from the original company to build homes and subdivisions in southeastern Massachusetts. Today, the company name has changed to Corvo Construction, but its values of quality construction remain the same for the third Ruscito generation.

Along with the continuing tradition of building high quality homes in the old world tradition, Corvo Construction is involved in all sectors of construction and commercial investment real estate. Their projects, both commercial and residential, are as varied as each of their clients' needs, from car washes to residential additions. Using their entrepreneurial spirit, the Ruscito family has also expanded their business to include real estate development and management. Working with Leader Bank and its Senior Vice President of Commercial Lending, Cheryl Glantz, the Ruscitos have financed several of these real estate transactions.

"We value our longstanding relationship with Cheryl Glantz and Leader Bank," said Anthony Ruscito. "We pride ourselves on our reputation, and we know Leader Bank does also. When we agree to a deal, we are confident that the deal will not change and will be guaranteed to completion. We also appreciate that the Bank's senior management is easily accessible and their fast decision making allows us to remain competitive. Cheryl is not just a banker; we consider her a trusted advisor."

"The relationship with the Ruscito family and Leader Bank has been a terrific relationship," said Cheryl Glantz. "We both do business in an honest, straight-forward way. We look forward to continuing the relationship well into the future."



Small Business Lending



A Leader in Helping Small Businesses Create New Jobs

In 2012, Leader Bank expanded on its commitment to the small businesses in our communities. We closed 53 loan transactions for almost \$15 million in lending to small businesses, helping to create 300 new jobs. Our small business lending includes traditional business loans, Small Business Administration (SBA) loans, and letters of credit, to name a few. We take the time to understand our customers, to ensure that we provide the best product to meet their needs.

Leader Bank maintains its status as a preferred lender of the SBA. Currently, we are the seventh ranked SBA Lender in Massachusetts. The SBA recognized our commitment to small business by naming Sushil K. Tuli the 2012 Massachusetts Financial Services Champion. We are also a proud participant in the Massachusetts Treasury Department's Small Business Banking Partnership, having lent more than \$15 million through this program.

Small Business Portfolio Balances IN THOUSANDS



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2012 was another very strong year in small business lending. Highlights include:

- *New originations of nearly \$15 million*
- *Record high portfolio balance of \$22.5 million*
- *#7 Rating in the 4th Quarter for SBA Loans*

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Leader Bank specializes in:

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

2012 Sample Small Business Lending Transactions

LOWELL Mixed Use Retail \$1,960,000 TERM LOAN PURCHASE September 2012	EAST BOSTON Taxi Medallion \$660,000 REFINANCE January 2012	CAMBRIDGE Health/Technology \$460,000 SBA LINE OF CREDIT March 2012	BOSTON Retail \$385,000 PURCHASE SBA 504 LOAN December 2012	NEEDHAM CPA Firm \$310,000 TERM LOAN REFINANCE November 2012
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Sridhar Bogelli, President & CEO of Apps Associates with Matthew Pierce, Senior Vice President of Commercial Lending at Leader Bank.

Apps Associates, LLC

Apps Associates, LLC is a premier IT software and services provider, offering expertise in business intelligence, business applications, and cloud services. Founded in 2002, the Company currently has 550 employees worldwide with eight offices and more than 80 active customers. Apps Associates develops and implements its software products and solutions and provides support services to enable their customers to maximize their IT investment.

The relationship between Apps Associates and Leader Bank stretches back to 2010, when Matthew Pierce, Leader Bank's SVP of Commercial Lending, first met Sridhar Bogelli, Apps Associates' President & CEO. Leader Bank first helped Mr. Bogelli and his associates purchase a new building in February of 2011. Since then, the Bank and the Company have continued to expand their relationship. Leader Bank arranged for a SBA Line of Credit to help the Company support its rapid growth, and later increased that line, further supporting the growing business.

"Leader Bank has been a great partner for Apps Associates," said Mr. Bogelli. "As our business has expanded, they have provided the funding we need to support that growth. That, coupled with their outstanding levels of service and commitment to helping us succeed, makes Leader Bank the perfect bank for Apps Associates."

"Apps Associates is exactly the type of business that we want as a customer," said Matthew Pierce. "We take great pride in growing our relationships as our customers prosper. By knowing our customers well, we can offer additional products to meet their changing needs and help them realize their goals."



Paul Iantosca, Arborview Realty

Paul Iantosca, President of the Arborview Companies, opened his first real estate office in Jamaica Plain more than 30 years ago. He has since become a mainstay of the local market, both as a broker and as an investor. Arborview has grown to include the entire Iantosca family and has extensive experience in property rentals, property management, and property renovations. The brokers at Arborview, led by Christian Iantosca, have consistently been among the top brokers in Jamaica Plain.

Leader Bank and Paul Iantosca first started working together in 2011, when Cheryl Glantz, Leader Bank's SVP of Commercial Lending, introduced Mr. Iantosca to the Bank. Since that time, Arborview and Leader Bank have worked together on many different transactions.

"For every real estate transaction, the importance of having a dependable, flexible, and efficient banking partner cannot be overstated," said Paul Iantosca. "Leader Bank always provides me with competitive products that are right for my particular needs while also ensuring superior service."

"Our relationship with Paul and his family/team has been great for Leader Bank," said Cheryl Glantz. "We strive to provide the best solutions, products, and service to our customers, and we look forward to continuing this successful relationship."



Tony Madan, Boston Investments, LLC

Tony Madan is the Managing Partner of Boston Investments, LLC. Mr. Madan is a successful real estate property manager with experience in the acquisition, development, and management of residential properties in the Metropolitan Boston area – primarily in Somerville, Cambridge, and Medford.

Mr. Madan's relationship with Leader Bank started in June 2007, when he closed on his first commercial real estate mortgage with the Bank to finance the acquisition of an investment property located in Cambridge. Since then, the relationship has continued to grow and expand into financing multiple other acquisitions, renovations, and condominium conversion projects. Mr. Madan has been a commercial, residential, and deposit customer of Leader Bank for many years.

"Leader Bank has been a very easy and accommodating bank for me to work with," said Tony Madan. "Over the years, we have worked on several transactions ranging from 2 units to 30 units, and the Bank has always provided me with great service, competitive rates, and the flexible financing structures I need to be able to succeed in real estate. What I enjoy most is the personal attention I receive on an ongoing basis."

"We are pleased to be able to work with customers like Tony Madan," said Jay Tuli, Leader Bank Vice President. "We have built a great relationship with Tony, and we look forward to expanding it in the future."



Dr. Samuel Lee, 1st Choice Dental

Dr. Samuel Lee is a renowned expert in the field of Implant Dentistry and the owner of First Choice Dental Group, Inc. in Burlington, Massachusetts. The inventor and patent holder of a cutting edge technique for sinus grafting, Dr. Lee is also the founder of the dental academy known as International Academy of Dental Implantology, LLC and lectures at conferences around the world.

Dr. Lee first began working with Leader Bank upon relocating to Boston in 2010. A year later, he identified a property in Burlington to house his dental practice and academy, and turned to Leader Bank to assist with the financing. With the help of the Bank's commercial lending team, Dr. Lee was able to acquire the property.

"Leader Bank was a great help in getting my dental practice and academy up and running and worked under a tight deadline," said Dr. Lee. "They rolled up their sleeves and really worked closely with me to develop several financing options for the purchase of my new headquarters. Leader Bank wanted my business and earned it."

"We are very proud of our partnership with Dr. Lee," said Matthew Pierce. "We consider ourselves to be an entrepreneurial bank, and we see the same spirit in Dr. Lee. "We are pleased to support his efforts to bring cutting edge techniques to dentistry, and we look forward to helping other such entrepreneurs reach their own goals."

Mohan Saini, Entrepreneur

Mohan Saini and his brother Karam Giran started a family business in 1989 with a single cab. Through the years, they have steadily built their business, and today they have several medallions in Boston and Cambridge. Mr. Saini needed a community bank that understood his business and the needs of a small and growing company.

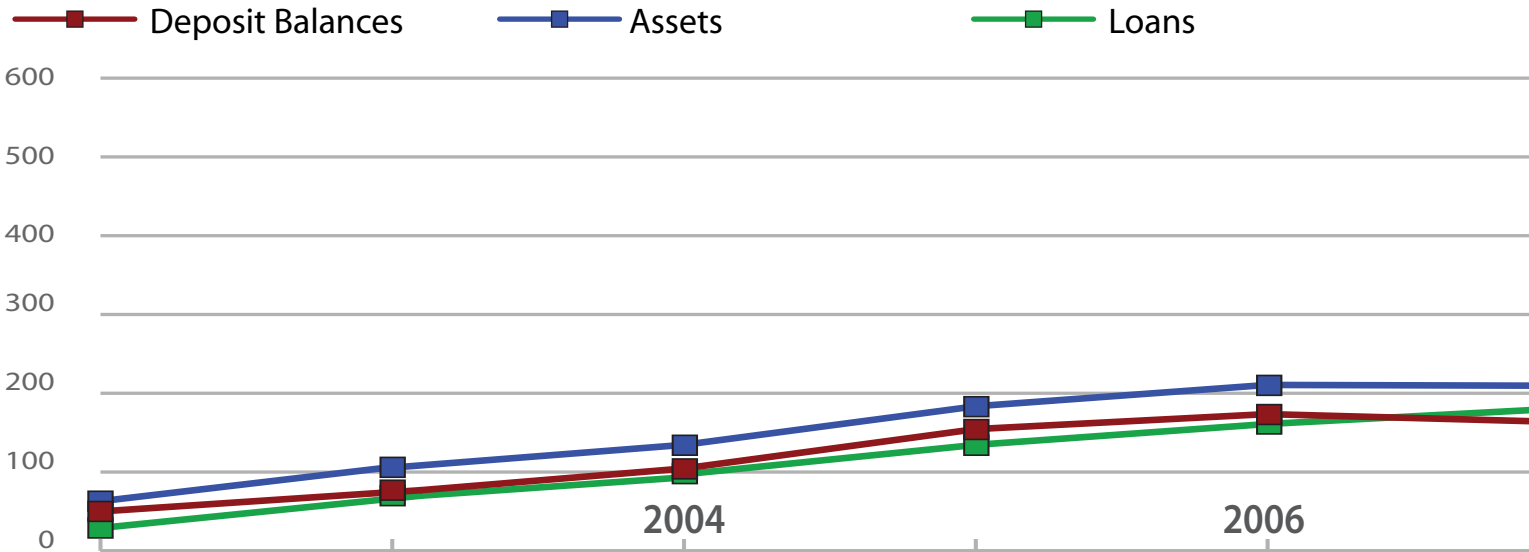
In 2011, Mr. Saini contacted Paul Moran, Commercial Loan Officer for Leader Bank, to help him restructure his existing loans and to help finance the acquisition of additional medallions. "Leader Bank is a dedicated community bank that knows the industry and is committed to helping small business – it was a natural fit," said Mr. Saini. "Leader Bank provided personalized and competitive financing; they are a true and valued partner."

In addition to his business ventures, Mr. Saini finds time to give back to his community. He serves as the Chairman of the Sikh Sangat Society Boston (SSSB), a group active in various community awareness and interfaith events throughout New England. Through its relationship with Mr. Saini, Leader Bank provided financing and a line of credit to enable the SSSB to continue its mission. Today the SSSB counts more than 200 families as members.

Said Mr. Saini, "Leader is a trusted community bank – always there when you need them!"



Timeline



2002

11 YEARS OF OUTSTANDI

2002

- Leader Bank opens main office on May 8, 2002 with:
 - \$6.9 million in capital
 - \$6.5 million in assets
 - 7 employees

2003

- Leader Bank exceeds \$100 million in total assets.
- Leader Bank CEO Sushil Tuli named finalist for Entrepreneur of the Year by Ernst & Young.

2004

- Arlington Center branch opens in September.
- FHLB of Boston recognizes Leader Bank for commitment in creating housing opportunities.

2005

- Central Square, Cambridge branch opens in July.
- Leader Bank surpasses \$150 million in deposits.

2006

- Leader Bancorp, Inc. is formed in August.
- Leader Bank purchases its main office building at 141 Massachusetts Avenue.
- Leader Bank exceeds \$200 million in total assets.

2007

- Leader Bank named "Business of the Year" by the Arlington Chamber of Commerce.
- Leader Bank receives 4 Star Recommended rating from BauerFinancial.

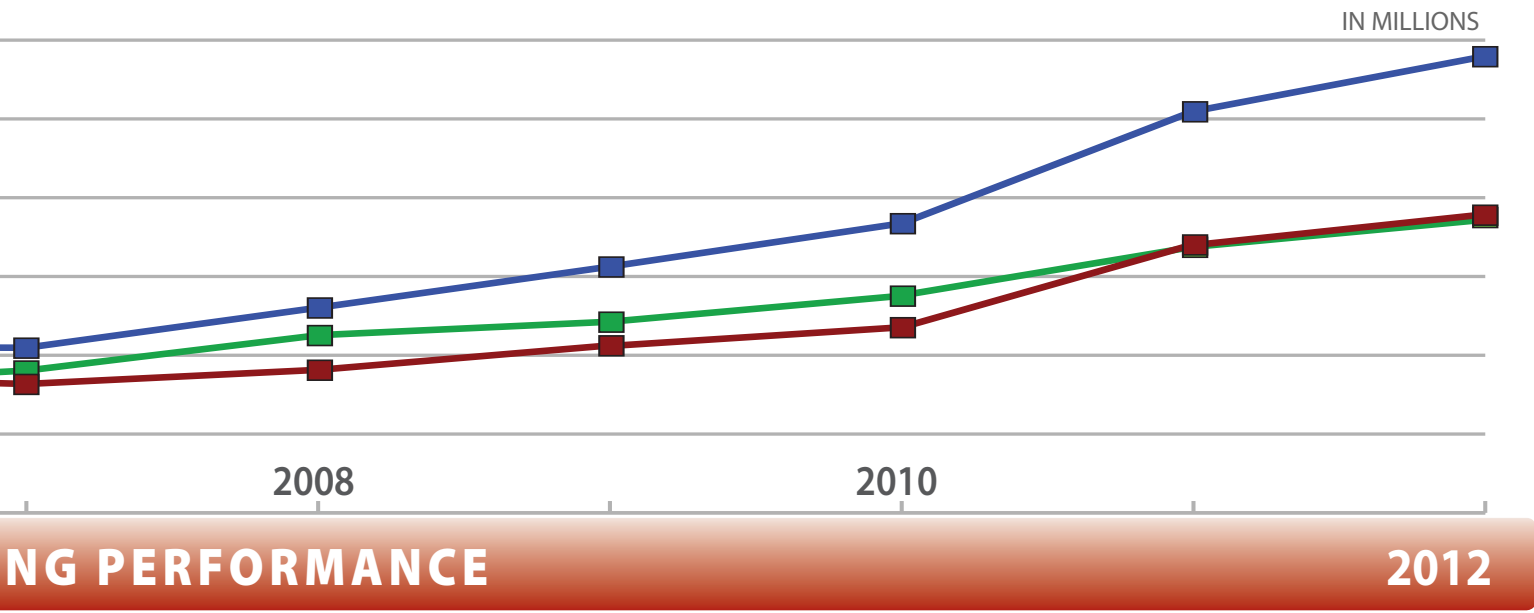
2008

- Belmont branch opens in January.
- Leader Bank opens loan production center in Burlington in September.
- Leader Bank closes over \$250 million in residential loans.
- Leader Bank receives SBA Express Lender status.





Timeline



NG PERFORMANCE

2012

2009

- Leader Bank expands its residential lending team by opening a loan production center in Needham.
- Leader Bank receives 5 Star Superior rating from BauerFinancial.
- Boston Globe names Leader Bank as one of the Top 100 Places to Work in Massachusetts.
- Leader Bank exceeds \$300 million in assets.

2010

- Burlington branch opens in September.
- SBA designates Leader Bank as a Preferred Lender.
- Leader Bank originates more than \$1.5 billion in loans.

2011

- Leader Bank exceeds \$500 million in total assets and \$300 million in deposits.
- Leader Bank becomes Top 10 Residential Lender in Massachusetts.
- Leader Bank participates in U.S. Small Business Lending Fund and Massachusetts Small Business Banking Partnership.
- Leader Bank expands commercial lending team.

Today

- Leader Bank grows to:
 - \$587 million in assets
 - \$389 million in deposits
 - More than 200 employees
- Leader Bank originates \$2.4 billion in loans and is the 7th largest residential lender in Massachusetts.
- Leader Plaza, home to our Residential Lending and Loan Servicing operations, opens in July.
- Leader Bank opens its sixth branch in Arlington Heights in December.
- Sushil Tuli named Massachusetts Financial Services Champion by SBA.
- Boston Business Journal names Sushil Tuli as one of the areas "Most Admired CEOs."





Honors & Accomplishments



SBA Financial Services Champion 2012



Sushil K. Tuli was named the 2012 Massachusetts Financial Services Champion by the U.S. Small Business Administration. The Financial Services Champion Award is presented annually to an individual who assists small businesses in obtaining financing either directly or through advocacy efforts to increase the availability of financial services.

The Boston Globe: Top 100 Places to Work in Massachusetts 2009, 2010, 2012

The Boston Globe Top Places to Work Award recognizes the most progressive companies in the state solely based on employee opinions about workplace practices in compensation, leadership, appreciation, career opportunities, and management. Private companies and nonprofits as well as publicly-held businesses were included in the analysis.



BauerFinancial, Inc. 5★ Safety Rating 2009, 2010, 2011, 2012

Under the BauerFinancial rating system, five stars is the firm's highest rating and denotes the highest level of overall banking performance. The award is based upon an analysis of current financial data and designates Leader Bank as one of the strongest banks in the nation in terms of financial health.



Inc. 5000 Fastest Growing Private Companies 2008, 2009, 2010, 2011, 2012

The ranking for the Inc. 5000 list is based on percentage growth in company net sales over a five-year period. Leader Bank was also proud to earn the distinction of the Inc. Hire Power Award in 2012, being ranked seventh in Massachusetts for number of jobs created.





Honors & Accomplishments



MassHousing Presents Leader Bank with Special Achievement Award as the 2012 Top Minority Lender

Every year, the Massachusetts Housing Finance Agency (MassHousing) honors its top-producing home mortgage lending partners for their commitment to low and moderate income homebuyers. Leader Bank is proud to be the recipient of the 2012 Special Achievement Award as the “Top Minority Lender” from MassHousing.

Leader Bank is currently the second largest MassHousing lender in Massachusetts and provided the greatest number of loans to minority families in 2012. Last year, Leader Bank originated 281 MassHousing loans totaling \$75.8 million in lending. Of these loans, Leader Bank was able to finance housing for 59 minority families, resulting in their purchase of real estate worth approximately \$12.7 million.



Ruby Santos, Donna Haynes, and Sushil K. Tuli, President & CEO of Leader Bank, proudly accepting the “Top Minority Lender” Special Achievement Award from Thomas R. Gleason, Executive Director of MassHousing.

Leader Bank’s President & CEO, Sushil K. Tuli, a member of MassHousing’s Advisory Board since 2010, stated, “Leader Bank is extremely proud of our relationship with MassHousing. Over the years, the organization has provided invaluable assistance to Leader Bank in helping hundreds of low-to-moderate income families realize the dream of homeownership. We look forward to continuing our partnership with MassHousing.”

“MassHousing had a phenomenal lending year in 2012 and a major part of our success is the excellence and dedication our partner lenders exhibit in providing quality, affordable, fixed-rate mortgage loans to low and moderate income residents throughout Massachusetts,” said MassHousing Executive Director Thomas R. Gleason. “Their commitment to responsible lending and affordable housing has resulted in thousands of families being able to acquire their own homes with mortgages they can afford.”



Mike King Leads Leader Bank’s MassHousing Efforts

Leader Bank loan officer Mike King was the top originator in Massachusetts of MassHousing loans in 2012. Mike’s efforts, supported by the great staff in Needham, helped numerous low and moderate income families realize their dream of homeownership.



Bob's Automotive

Bob's Automotive is an auto repair and service business located in Belmont. Brothers Bob and Dave Gallagher started the community-based business in 1986. Nearly two years ago, when the Gallaghers moved the company back to Belmont, they also met Paul Mitchell, Leader Bank's VP of Business Banking. Paul introduced Leader Bank's business banking services to the Gallaghers.

The Gallaghers soon moved their business banking relationship to Leader Bank. The superior customer service, led by Paul and the Belmont branch, helped make the switch extremely smooth. The experience with Leader Bank has been so positive that both Bob and Dave also refinanced their homes through Leader Bank.

"One of the best things about Leader Bank is how personally they treat their business customers," stated Dave Gallagher. "Every time I walk into the Belmont branch, I am greeted by someone who knows me and



Dave Gallagher, Paul Mitchell, and Bob Gallagher

my business. They are problems solvers, and always make sure that anything I need is taken care of promptly and thoroughly, so that I can get back to work."

"Opening the accounts for Bob's Automotive and having the chance to build this relationship over the last few years has been very rewarding," said Paul Mitchell. "They are just the type of customers we want to serve. And judging by the line of cars waiting for service, their business seems to be thriving!"

Craig's Landscaping

Dave Gallagher's son Craig is the owner of Craig's Landscaping, a commercial and residential landscaping company located in Arlington. Over the last 21 years, Craig's Landscaping has served clients in Arlington, Belmont, Winchester, Lexington, and other Boston suburbs. Craig was first introduced to Paul Mitchell in conjunction with a home purchase, where Leader Bank provided a mortgage to Craig. Shortly thereafter, Craig decided to move the business relationship to Leader Bank as well.

"When Paul first opened our business banking accounts, we had some concern about our proximity to the nearest branch," stated Craig Gallagher. "To solve this problem, Paul arranged for a Remote Deposit Scanner to be installed at our office so that there would be absolutely no inconvenience. Every day, they prove to us that customers come first at Leader Bank."



Craig Gallagher, owner of Craig's Landscaping, and Paul Mitchell

"It is great to be able to work with local entrepreneurs like Craig," said Paul Mitchell. "I take great pride in our relationship with Craig's Landscaping, something I'm reminded of each time I see one of the company's bright red landscaping trucks in the local community!"



Business Banking Products & Services

At Leader Bank we understand how important it is for local business owners to have a financial institution whose primary focus is to help redirect their attention back to the growth and success of their businesses. To reach that end, Leader Bank offers a variety of products and services for businesses, so they can spend more time servicing customers and less time worrying about managing their bank accounts.

eBusiness Online Banking

Leader Bank’s state-of-the-art online banking platform for businesses offers user-friendly features, including integrated bill pay, eAlerts, eStatements, and other key features. Our eBusiness customers have the ability to set access levels for employees, initiate internal transfers, schedule ACH and wire transfers, and export transactions into QuickBooks.

Remote Deposit Capture

Using a scanning device, customers can deposit checks directly into a business account from the convenience of their office. This is a safe and secure way for our customers to make and track deposits without having to visit a branch.

IOLTA Accounts

Leader Bank is a leading community bank when it comes to providing IOLTA depository services to attorneys. All accounts are completely free with no service charges, no charge for checks, and no charge for wires. With over 150 law firm relationships, we have developed a niche specialty in catering to these clients.

- **Online Wire Initiation.** Initiate wires online and receive automated confirmations
- **Account Activity Notifications.** Email alerts that your account is funded while at the registry
- **Employee Access Rights.** Allow paralegals, bookkeepers, and principals different access rights

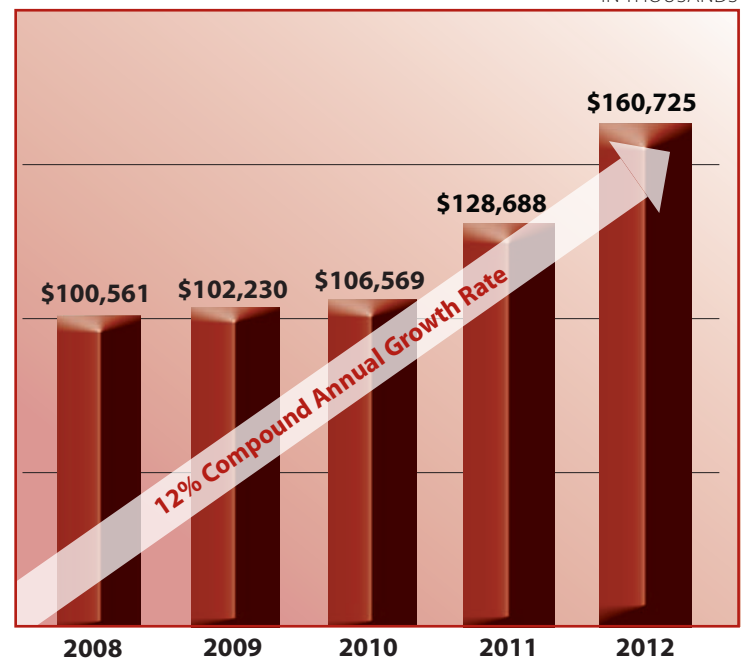
Business Banking Team



Marc Romvos, Director of Business Banking;
Paul Mitchell, Vice President, Business Banking Officer;
Sumit Dhankhar, Business Banking Specialist

Business Account Balances

IN THOUSANDS





Using Technology to Stay “A Step Ahead”

New & Improved Website

Our website, www.leaderbank.com, has been redesigned to give our customers a more user-friendly experience and keep them up to date on the latest news and offers from Leader Bank.

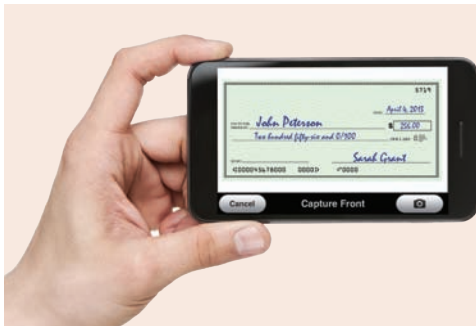


Online Banking Upgrades

Leader Bank launched new online banking platforms for both our consumer and business customers last year. The redesigned landing pages offer a new look and feel consistent with our website, and provide functionality enhancements designed to improve the overall user experience. Among other improvements, Online Banking offers customers automatic account eAlerts, eStatements, and other convenient features.

Mobile Banking

Banking at Leader can be done anytime, anywhere from the convenience of your smartphone. With our new mobile banking features, you can view your balances, make transfers, and pay your bills on-the-go. The introduction of Leader Bank’s Mobile App for the iPhone and Android has also made it easier and more convenient to manage your accounts without having to make a trip to a branch.



Leader Mobile Deposit

Leader Mobile Deposit allows customers to deposit checks into their Leader Bank accounts directly from their phones! Leader Bank’s newest addition to our mobile banking suite allows customers with our iPhone or Android App to have checks deposited simply by submitting an image of the front and back of the document.

Facebook/Twitter

Follow Leader Bank on Facebook and Twitter to stay informed of all the latest news and events happening at the bank. We welcome your feedback as well!



Zeugma Reward Accounts

Leader Bank’s most innovative account yet is getting customers excited! Our Zeugma Reward Account lets them earn cash back rewards on debit card purchases, reimbursements on ATM fees, and a super high savings rate. Access your account online or via the mobile app, and even deposit checks through your smart phone! Open a Zeugma Account today online at www.leaderbank.com to start earning the benefits.





Residential Lending



Leader Bank First-Time Homebuyer Seminar presented in Spanish at our Central Square Branch.

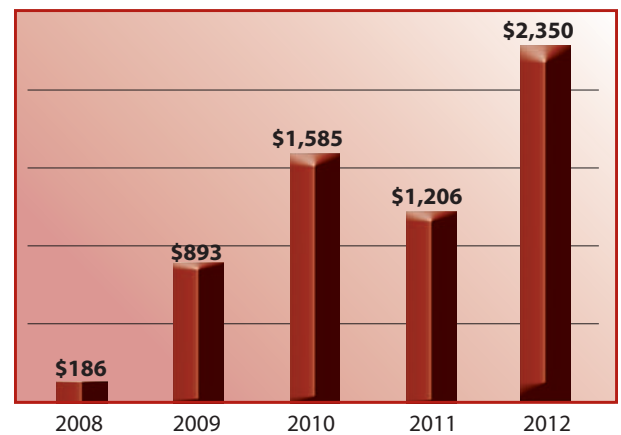
Leader Bank Sponsors First-Time Homebuyer Seminars

In 2012, Leader Bank played a leading role in assisting Massachusetts residents looking to become home owners. Working with community customers in English and Spanish, 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 nearly \$2.4 billion in new residential loans in 2012, making us the 7th largest residential mortgage lender in Massachusetts.

Closed Loans (\$)

IN MILLIONS



Leader Bank Sales Managers



James Shanahan
Vice President,
Branch Manager



David Kurzman
Vice President,
Branch Manager



Ruby Santos
Senior Mortgage
Consultant,
Sales Manager



Vincent Hayes
Vice President,
Branch Manager



Daniel Lionetta
Vice President,
Branch Manager



Community Commitment



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.

Leader Bank Gives Back

- **United Way** - Leader Bank donated \$10,000 to the United Way of Western Connecticut in the wake of the Sandy Hook Elementary School shooting in Newtown, Connecticut. The United Way provided financial assistance to families affected by the tragedy and mental health services for victims and their loved ones.
- **Salvation Army** - Leader Bank donated \$5,000 to the Salvation Army of Middlesex County in 2012. Leader Bank's donation helped fund the Salvation Army's extension of its Our Place Center, which houses homeless children in Cambridge.
- **Massachusetts Affordable Housing Alliance** - Leader Bank donated \$2,500 to the Massachusetts Affordable Housing Alliance (MAHA) to support financial education classes to residents of Norfolk and Middlesex County. MAHA promotes affordable housing and assists low and moderate income residents throughout the Commonwealth achieve financial stability.
- **Housing Corporation of Arlington** - Leader Bank donated \$2,000 to the Housing Corporation of Arlington to assist the building of a 32 unit affordable housing project near Leader Bank's corporate offices on Massachusetts Avenue.

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

- Arlington Boys & Girls Club
- Arlington Center for the Arts
- Arlington Education Foundation
- Arlington Housing Authority
- Arlington Public Schools
- Arlington Recreation
- Arlington Youth Counseling Center
- Avon Walk for Breast Cancer
- Boston Symphony Orchestra
- Burlington Community Scholarship Foundation
- Cambridge Housing Assistance Fund
- Cambridge Rotary Club
- Citizens Housing and Planning Association
- Covenant School
- Fidelity House
- Heading Home
- Housing Families, Inc.
- India Association of Greater Boston
- Jewish Families & Children Services
- Margaret Fuller Neighborhood House
- Menotomy Musical Theater
- Minuteman Parent Association
- Newton Community Pride
- Powers Music School
- Right Turn, Inc.
- Somerville Community Corporation, Inc.
- Somerville Homeless Coalition
- St. Agnes School
- St. Constantine & Helen Church
- St. Thomas Syro Malbar Church
- Stratton School
- The Children's Room
- The Guidance Center Family Clinic
- The Home for Little Wanderers
- The Welcome Project
- TiE-Boston
- Unity Sports & Cultural Association
- Visiting Nurses and Community Health
- YWCA



2012 Milestones



Record Year for Residential Lending

Leader Bank had its best year to date for residential lending in 2012. Our residential lending team originated nearly \$2.4 billion in loans, almost doubling the 2011 origination total despite continued financial uncertainty. This growth placed Leader Bank as the seventh largest residential lender in all of Massachusetts, ahead of significantly larger competitors.

Sustained Growth in Commercial Lending

In 2012, Leader Bank continued to expand its commercial and small business lending in Massachusetts. Leader Bank made more than 150 new loans in 2012, totaling nearly \$113 million in lending throughout the Commonwealth and beyond.

Continued Expansion of Our Deposits

Leader Bank continued to see growth in its deposit base by reaching \$388 million in deposits in 2012, representing growth of 14% over the previous year.

Banking Technology for the New Millennium

Leader Bank was proud to launch its newest technological initiative in 2012 by providing mobile banking services to its retail customers. With its mobile banking application, Leader Bank customers can access their accounts, transfer money, deposit checks, and pay bills all from the convenience of their smartphones.

Expanding Our Presence in Arlington

Leader Bank continued its commitment to its hometown of Arlington by opening two new offices in 2012. In June of 2012, Leader Plaza opened as the new home of our residential lending and loan servicing departments and has served as the focal point for our Patriots' Day and Town Day celebrations. On December 12, 2012, Leader Bank opened its sixth branch in Arlington Heights with employees, local businessmen, and friends of the bank in attendance. This newest location will provide more convenient services to those who live and work in all parts of Arlington.



The grand opening of Leader Bank's newest branch, located at 1201 Massachusetts Avenue in Arlington Heights.

A Look Ahead to 2013

Leader Bank looks forward to reaching even greater heights in 2013, including:

- **Advancements in Technology.** We look forward to further innovations in our internet and mobile banking platforms to allow us to reach an even broader base of customers in 2013 and beyond.
- **Continued Success in Residential Lending.** After a record-breaking 2012, our residential lending team is well positioned to take advantage of the burgeoning home purchase market. Our loan officers look forward to working with both repeat borrowers and first-time homebuyers, and Leader Bank plans to continue its strong relationship with investors and real estate industry leaders.
- **Expanding our Presence in Commercial and Small Business Lending.** Our commercial lending department continues to expand, and looks forward to a robust 2013. Leader Bank intends to continue its focus on small business and commercial real estate lending, while continuing to explore new market opportunities to support the businesses that allow Massachusetts to thrive.



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, 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 as 2012 Massachusetts Financial Services Champion

The U.S. Small Business Administration (SBA) named Leader Bank President & CEO Sushil K. Tuli as the Massachusetts Financial Services Champion for 2012. He was honored at the SBA's Massachusetts Small Business Week award ceremony at Fenway Park.

"Leader Bank is a rising star in the community banking community because of Mr. Tuli's innovative leadership," said Robert H. Nelson, Massachusetts District Director of the SBA.



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.



Leader Bank Officers



Commercial Lending



Cheryl Glantz
Senior Vice President,
Commercial Lending

Matthew Pierce
Senior Vice President,
Commercial Lending

Corporate Development



Art McGill
Vice President,
Profitability and
Financial Analysis

Jay Tuli
Vice President,
Retail Banking

Patrick Boyaggi
Vice President,
Residential Lending



Brook Ames, Esq.
In-House Counsel



Antonette Davis
Vice President,
Loan Servicing



Greg Farber
Vice President,
Quality Control & Training



Mark Haroutunian
Vice President,
Credit Officer



Donna Haynes
Vice President,
Community Development
Officer



Kenneth Masterson
Vice President,
Loan Servicing



Paul Moran
Commercial Loan Officer



Bret Schofield
Vice President,
Security & Facilities Officer



Leader Bank Locations



Branch Managers. Standing: Artur Nergaryan, Paul Varghese, Mark Orent, Savy Ouk-Fernandes. Seated: Jeff O'Connor, 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

Arlington Center Branch

Mackenzie Bigelow

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

Arlington Heights Branch

Jeff O'Connor

AVP, Branch Manager
1201 Massachusetts Avenue
Arlington, MA 02476
Tel: 781-641-8800
Email: joconnor@leaderbank.com

Belmont Branch

Artur Nergaryan

Acting Branch Manager
363 Pleasant Street
Belmont, MA 02478
Tel: 617-489-5100
Email: anergaryan@leaderbank.com

Burlington Branch

Paul Varghese

VP, Branch Manager
50 Mall Road, Suite 110
Burlington, MA 01803
Tel: 781-221-1700
Email: pvarghese@leaderbank.com

Central Square Branch

Mark Orent

VP, Branch Manager
675 Massachusetts Avenue
Cambridge, MA 02139
Tel: 617-497-2500
Email: markorent@leaderbank.com

Corporate Office

Leader Bank, NA

180 Massachusetts Avenue
Arlington, MA 02474
Tel: 781-646-3900

Residential Lending Offices

Arlington - Leader Plaza

864 Massachusetts Avenue
Arlington, MA 02476
Tel: 781-641-8600
Email: loans@leaderbank.com

Burlington Loan Center

50 Mall Road, Suite 110
Burlington, MA 01803
Tel: 781-272-2343

Needham Loan Center

160 Gould Street
Suites 111 & 126
Needham, MA 02494
Tel: 781-726-7290

2012 Annual Report



Looking forward to another prosperous year!