



Skowhegan
Savings

2015
ANNUAL REPORT
Straight Talk. Fair Deals.

A MESSAGE FROM THE PRESIDENT



At Skowhegan Savings Bank we strive to make our communities a better place to live and work. We do so by investing in our communities to help them succeed through economic development and financial literacy programs in those communities. In 2015, the bank made over \$95 million in loans to businesses and individuals and in partnership with the Skowhegan Savings Charitable Foundation we invested nearly \$400,000 directly into our communities.

The delivery of banking services continues to evolve. At Skowhegan Savings we believe that our customers will always value personalized service which is why we continue to put focus on your needs. In the past year we have expanded our personalized Customer Service Center to include evening and Saturday hours. We also feel that life is complicated enough so we continue to further develop and simplify our products and services to be straight forward, convenient and with no hidden fees or charges. The bank continues to develop state of the art electronic banking services that in essence provide the services of a branch through the use of your computer or mobile device.

The financial results for the bank in 2015 were very strong. The bank enjoyed solid loan and deposit growth bringing our total assets to \$563 million generating operating earnings of \$4.2 million leaving the bank with over \$75 million in capital at the end of the year.

The financial health of Skowhegan Savings has never been better and yet the economic health of our region continues to lag behind the rest of the state and our country as a whole. This past year the board of directors of Skowhegan Savings recommitted to our mission of making our communities a better place to live and work by setting a long-term goal of improving the economic health of our region. To this end, we will increase our ongoing efforts of improving education and economic development by contributing more of our profits to these endeavors and hopefully be a catalyst for collaboration amongst other stakeholders. As a mutual bank, the fact that we are owned by you, our customers, instead of stockholders, allows us the flexibility of applying some of our resources to this bigger cause.

It is the dedicated effort of our employees, trust of our customers and support of our communities that allows us to work towards this vision. Thank you all for the privilege to serve you.

A handwritten signature in black ink, reading "John C. Witherspoon". The signature is written in a cursive, flowing style.



2009•2010•2011•2012•2013•2014•2015

JOHN C. WITHERSPOON, PRESIDENT AND CEO

Strengthening and Enhancing Our Neighborhoods

Skowhegan Savings' Charitable Foundation makes donations to both large and small local non-profit charitable organizations with a focus on financial literacy, economic and community development initiatives that promote job creation, business retention, business growth, and community enhancement. In 2015, the Skowhegan Savings Charitable Foundation had the honor of donating over \$400,000 to community nonprofits and organizations. The following are just some of the initiatives that we had the privilege to support:

BIG BROTHERS BIG SISTERS OF MID-MAINE - in support of local school-based mentoring programs.

BORDER RIDER CLUB - towards new equipment needed to maintain trails.

CHILDREN'S DISCOVERY MUSEUM - funding for their after school financial literacy program and to create a reduced admission program for children and their families to visit the museum.

CANAAN ELEMENTARY SCHOOL - remaining funds needed to complete their new playground.

COBURN PARK CONCERT SERIES - sole sponsor of the outdoor community music series.

CRISIS AND COUNSELING CENTERS - to provide financial literacy to individuals in recovery at their Skowhegan and Augusta facilities.

GULF OF MAINE RESEARCH INSTITUTE - allowed 250 students in Somerset County to attend LabVenture! where they were educated on the challenges of ocean stewardship as it pertains to the Gulf of Maine's economic growth and promotes interest in careers in science.

HOSPICE VOLUNTEERS OF SOMERSET COUNTY - donation to capital campaign in support of the services they provided to the Somerset County community.

JACKMAN COMMUNITY HEALTH CENTER - to help fund a new safe, accessible Urgent Care entrance for the for patients and the community.

JACKMAN PRESCHOOL - provided three scholarships for children of economically challenged families in Jackman to attend the preschool.

JUNIOR ACHIEVEMENT OF MAINE - to fund financial literacy training to 177 students in Augusta, Pittsfield and Burnham.

KVCAP TRANSPORTATION PROGRAM - funds to support the Somerset Explorer public transit system that serves Skowhegan, Madison, Anson and Norridgewock.

KINGFIELD POPS - primary sponsor of the multiday cultural event.

LAKE GEORGE - continued support of capital improvements.

LC BATES MUSEUM - to plan and implement the interactive pilot science program on the Good Will-Hinkley campus that will benefit over 325 second and third grade students.

MAINE MOUNTAIN CHILDREN'S HOME - donation to needed building renovations.



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Customer Service

We asked 'how are we doing?'
You responded.

We believe that it's important to check in with you, our customers, to find out how we're really doing with our products and services to see if there are areas that we can improve on. With that in mind we launched a survey asking just that, 'how are we doing?' and here is how you responded:

Response Rate:
Over 1,000 of you took the survey.

You told us that you feel that we handle requests quickly and communicate important information clearly.

You told us that you trust us.

90% of you ranked us a 4 or a 5 (5 being the highest) in overall customer experience.

89% of you like In-Branch Banking.

69% of you enjoy the comforts of online banking.



PRODUCT REVIEW

In the past year we took a good look at our products to see if they were competitive in the marketplace and fulfilling our customers' needs. From this review we added two new personal checking products, eTegrity and Integrity Prime checking as well as a Health Savings Account (HAS)

eTegrity Checking Though our Integrity Plus customers already enjoy the freedom of free worldwide ATMs we wanted to add an additional mobile product with the same convenience for those on-the-go. eTegrity Checking offers free worldwide ATMs, mobile deposit, bill pay, bank to bank transfers and eStatements all without a monthly fee or minimum balance required. We just made banking simpler.

Integrity Prime Checking Call us old fashioned, but we still like the availability of offering a standard checking account for those of you who enjoy using a checkbook. Though Integrity Prime customers can enjoy all of the bells and whistles of online and mobile banking just like our other three checking accounts, this account is designed for those 60 and older that wish to take advantage of free ATM transactions at all Maine Cash Access locations, free debit card and a free box of standard checks per year.

Health Savings Account We now offer a Health Savings Account (HSA) that allows you to save money for qualified medical expenses pre tax and tax deductible.

Bank anywhere, anytime. Mobile and online banking is ever evolving and we strive to deliver innovative applications, products and solutions that deliver the banking technology that our customers crave. From mobile deposit to online mortgage applications, you can control your banking experience at your convenience and with our Skowhegan Savings mobile app it's like having a branch in your hands. Use our mobile app on your mobile devices to check balances, view transaction history, pay bills, make deposits, transfer money, download documents, get eStatements and more!

**This Branch
Now Open Saturdays**

Did you know that our Elm Street, Skowhegan branch is now open on Saturdays?

Having Integrity You may note a running theme throughout our products, the keyword 'integrity'. Why? The naming of our products stems from our internal customer service training program simply named, 'Integrity Service'. All employees are required to take this customer service training upon being hired at Skowhegan Savings because we understand as a mutually owned bank - our customers are the bank. Without you we would not be who we are today. We feel that this training strengthens our team in providing consistent exceptional customer service and interactions with our employees throughout all of our locations that you deserve from your financial institution.

So what does 'integrity' mean to us? We want our customers to feel valued by asking questions and listening to your financial goals in a manner that allows us to help you achieve them. As a local community bank we want you to return to do business with us because we made you feel like a person, not just a number. As a mutual bank we pride ourselves in our transparency about our products and services. We are not a fee based bank. We're a straight talk and fair deals bank and to us - that's having integrity.

90%

of you agree that we treat you like an individual and not a number because well, to us you are!

You ranked us highly on customer service, availability, convenience, access and hours of operation.

When we asked you what we could do to improve your overall experience with us the top response was 'nothing at all'.

71%

of you agree that we offer excellent online banking services.



Welcome Dan Tilton!

SENIOR VICE PRESIDENT OF SALES AND CUSTOMER RELATIONS

As our focus continues to remain on heightening the level of customer service that we provide, we were pleased to announce the addition of Dan Tilton, senior vice president of sales and customer relations, to our commercial and retail lending team last year. He joins the bank with over 18 years of sales management experience and oversees both commercial and retail lending teams. Previously, Tilton was the vice president of sales at Pride Manufacturing in Burnham, Maine where he led sales and customer service teams worldwide for multiple locations in the US and UK. He most recently comes to the bank from Blackstream Creative, based out of McMinnville, Tennessee, where he spearheaded the startup's launch into the marketplace in 2006 as the vice president of sales overseeing sales, marketing and customer service for the company.

Our Neighborhoods continued from page 3

MAIN STREET SKOWHEGAN - in support of the organization's ongoing economic development activity for the Town of Skowhegan.

MAKE-A-WISH - to grant a child with a life-threatening medical condition in Somerset County with 'a wish'.

MSAD 54 AFTER SCHOOL PROGRAM - dedicated to the year's overall program budget.

RANGELEY FRIENDS OF THE ARTS - to subsidize its music, dance lesson and community theater programs.

RIDGE VIEW COMMUNITY SCHOOL BACKPACK PROGRAM - donation of over 30 backpacks filled with healthy prepared food that students in need receive to share with their families while outside of school during weekends and school vacations.

SANDY RIVER AND RANGELEY LAKES RAILROAD - towards library research renovations and educational materials.

SCHOLARSHIP PROGRAM - awarded to a high school senior entering post secondary education in a business related field in each of the following 11 high schools: Cony, Dexter Regional, Forest Hills, Lawrence, Madison, Maine Central Institute, Mt Abram Regional, Mt Blue, Unit 78-Rangeley, Skowhegan and Upper Kennebec Valley.

SEBASTICOOK VALLEY CHAMBER - in support of their annual charitable fundraiser that supports up to 12 different non-profits that aid the 12 town area.

SKOWHEGAN FREE PUBLIC LIBRARY - ongoing support of the library's renovations.

SOMERSET ECONOMIC DEVELOPMENT CORPORATION - in support of further economic development growth in Somerset County.

SOMERSET WOODS TRUSTEES - ongoing support of maintenance of the Kennebec Banks Picnic Area and Historical Site.

TOWN OF NORRIDGEWOCK - in support of the Central Maine Regional Airport.

WOODFORDS FAMILY SERVICES - support for the relocation and expansion of Woodfords Family Services, a preschool that serves children with autism and related disabilities, from Oakland to Waterville.

UNITED WAY OF MID MAINE AND TRI COUNTY - annual donation to capital campaign.

Dress Down Funds

This year the employees of Skowhegan Savings raised over \$3,000 to give to local animal shelters, Relay for Life, area food cupboards and fuel assistance programs by donating money to wear jeans on 'Dress Down Fridays'.



Believing in Maine Students
In 2015, we furthered our ongoing relationship with Jobs for Maine Graduates (JMG) by making a 3-year \$120,000 commitment to the program to hire a new career preparation and financial literacy coordinator to work in Somerset County. Tracie Travers was named the new career coordinator for the program this past year and her office is housed in our main branch in Skowhegan. JMG is a statewide program that prepares students for careers.



What it Boils Down To
To the Town of Corinna the Levi Stewart Library building is one of the hubs of the community. It houses not only the town office but theatre and library as well so when the boiler needed replacing we were glad that we could help out with the needed renovations.



The Power of Community
Skowhegan Savings Charitable Foundation donated \$10,000 to Madison Area Health Center. The funds will be used to help fund the purchase and installation of a generator to back-up patient Electronic Medical Records (EMR). The generator will assure the ability to offer uninterrupted healthcare in the event of a power emergency. The Madison Area Health Center has provided primary care services to families in Madison and surrounding towns for over 39 years.

SKOWHEGAN SAVINGS BANK AND SUBSIDIARY

CONSOLIDATED SUMMARY BALANCE SHEETS

YEARS ENDED DECEMBER 31, 2015 AND 2014

ASSETS	2015	2014
Cash & Cash Equivalents	14,302,677	12,716,714
Investment Securities	86,763,932	86,860,061
Net Loans	429,711,783	402,689,755
Other Assets	<u>32,754,146</u>	<u>32,586,497</u>
TOTAL ASSETS	<u>\$563,532,538</u>	<u>\$534,853,027</u>
LIABILITIES AND CAPITAL		
LIABILITIES		
Customer Deposits	426,961,321	389,013,681
Other Liabilities	5,395,329	5,106,829
FHLB Borrowings	<u>56,000,000</u>	<u>68,610,000</u>
Total Liabilities	<u>488,356,650</u>	<u>462,730,510</u>
CAPITAL		
Retained Earnings	72,590,125	69,362,505
Accumulated Other Comprehensive Income	<u>2,585,763</u>	<u>2,760,012</u>
Total retained earnings	<u>75,175,888</u>	<u>72,122,517</u>
TOTAL LIABILITIES & CAPITAL	<u>\$563,532,538</u>	<u>\$534,853,027</u>

CONSOLIDATED SUMMARY STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2015 AND 2014

INTEREST INCOME/EXPENSE	2015	2014
Interest and Dividend Income	20,440,786	20,054,683
Interest Expense	<u>2,140,976</u>	<u>2,436,574</u>
Net Interest Income	18,299,810	17,618,109
Provision for Loan Losses	<u>575,000</u>	<u>655,500</u>
Net Interest Income After Provision for Loan Losses	17,724,810	16,962,609
NON-INTEREST INCOME/EXPENSE		
Non-Interest Income	1,911,046	2,019,472
Non-Interest Expense	<u>15,372,475</u>	<u>14,993,385</u>
Income Before Income Taxes and Security Gains	4,263,381	3,988,696
Net Securities Gain (Loss)	216,596	347,641
Income Tax Expense	<u>1,252,357</u>	<u>1,231,000</u>
NET INCOME	<u>\$ 3,227,620</u>	<u>\$3,105,337</u>

BOARD OF DIRECTORS

ROGER GIFFORD, CHAIRMAN

RICHARD ANZELC WARREN SHAY
JAMES AUSTIN CLAIRE THERIAULT-PERKINS
HOWARD SEVEY JOHN WITHERSPOON

OFFICERS

JAMES ALBERICO AVP, AUDIT & COMPLIANCE MANAGER
LYNN ANDREWS MORTGAGE UNDERWRITER
VICKI BOSWORTH DEPOSIT OPERATIONS MANAGER
TRACY DEAN AVP, CUSTOMER EXPERIENCE MANAGER
JACK DUCHARME AVP, BRANCH MANAGER - BINGHAM, JACKMAN, MADISON
JESSICA EVERETT RETAIL SALES OFFICER
ALBERT FERLAND AVP, FACILITIES MANAGER
DAWN FIELD BRANCH MANAGER - RANGELEY
BRIAN FITZPATRICK INDIRECT LOAN BUYER
DONNA FORTIN VP, RETAIL DEPOSIT MANAGER
KIMBERLY FRIEND CREDIT OFFICER
CYNTHIA GILMORE BRANCH MANAGER - KINGFIELD & STRATTON
WILLIAM HALLIDAY AVP, LOAN SERVICING MANAGER
BRUCE HARRINGTON AVP, COMMERCIAL LOAN OFFICER
KAREN HART AVP, BRANCH MANAGER - SKOWHEGAN
RENEE HAWTHORNE BRANCH MANAGER - FAIRFIELD & PITTSFIELD
FELICIA HUFF NETWORK ADMINISTRATOR
NICHOLAS ISGRO CONTROLLER
JOHN KIMBALL VP, INDIRECT LOAN MANAGER
DEBBIE KNOX VP, COMMERCIAL LOAN OFFICER
MEGHAN LOUBIER BRANCH MANAGER - AUGUSTA
SHELLY LOWELL BRANCH MANAGER - FARMINGTON & PHILLIPS
KURT MAYNARD VP, COMMERCIAL LOAN OFFICER
PAULA NELSON AVP, SPECIAL ASSETS MANAGER
ANGEL QUICK BRANCH MANAGER - DEXTER
TOBY SPENCER NETWORK ADMINISTRATOR
NANOOK TUEFFERD MORTGAGE OPERATIONS MANAGER
FAWN WENTWORTH MARKETING OFFICER

SENIOR MANAGEMENT

JOHN WITHERSPOON PRESIDENT & CEO
DAVID CYR EXECUTIVE VICE PRESIDENT
RICHARD ST. PIERRE SVP CHIEF FINANCIAL OFFICER
VICKI ALWARD SVP CHIEF RISK OFFICER
DAN TILTON SVP SALES & CUSTOMER SERVICE
BARBARA COTTA SVP CHIEF OPERATIONS OFFICER
BARRY MARTIN SVP HUMAN RESOURCES DIRECTOR
RICH SZABO SVP CHIEF TECHNOLOGY OFFICER

CORPORATORS

CALVIN AMES
VAN AMES
RICHARD ANZELC, III
RICHARD ANZELC, JR.
JAMES AUSTIN
STEVEN BARROWS
DAVIDA BARTER
NANCY BESSEY
GLENN BLAZIC
PAUL BLOUIN
AARON BOLSTER
JASON BROCHU
KEVIN BROWNE
ROBERT BROWNE
LARRY CALDWELL
CHARLES CARPENTER, JR.
AMEDEO CHRISTOPHER
DAVID CYR
JEFF DAMON
DONALD DAVIS
JOHN DILLER
GREGORY DORE
TIMOTHY DOW
MICHAEL DUGAY
PAUL FORTIN
GREGORY GIBERSON
JOHN GIBSON
ROGER GIFFORD
STEPHEN GRAY
COREY HIGHT
JENNIFER HIGHT
SAMUEL HIGHT
VIRGINIA HOWARD
KIMBERLY JORDAN
LAWRENCE KOOB
MICHAEL LAMBKE, M.D.
GLENN LEVESQUE
ROBERT LUCE
C. CHARLES LUMBERT
SANDRA MACARTHUR
THOMAS MARTIN, JR.
TED MCCARTHY
GLENN NICHOLS
CHARLES O'BRIEN
CHAD PARTRIDGE
CHRISTOPHER PERKINS
MICHAEL PHILLIPS, JR.
DOREEN POULIN
ROGER POULIN
ELTON POWERS
LES PRIEST
WILLIAM RANDALL
GAIL RIZZO
PETER SCHULTZ
HOWARD SEVEY
ROBERT SHANK
WARREN SHAY
DONALD SKILLINGS II
TRAFTON TEAGUE
CLAIRE THERIAULT-PERKINS
KEVIN VIOLETTE
GARY WALLACE
RHONDA WILES-ROSELL
RICHARD WILLET
DANA WILLIAMS
CARLA WITHAM
JOHN WITHERSPOON



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