2014 Annual Report Numbers

Total Assets

Market Value

Net Income

Shareholders’ Equity

Total Loans

Loan Originations

Book & Market Values

- Market Value
- Book Value
Dear Shareholder,

Our 2014 financial results reflect a return to more normal levels of lending activity. Interest expense continued to decline resulting in the first improvement in net interest income in several years, up $231,000 over 2013. We no longer enjoy the healthy premiums on sold loans as we did in 2011 and 2012, but our loan portfolios, both on- and off-balance sheet, continue to grow. At year-end we held $190 million in on-balance sheet loans and serviced an additional $118 million in our sold loan portfolio.

Deposit growth was strong in 2014, providing the funds to grow our investment portfolio by $15.3 million. Interest income improved as we actively invested this incoming cash flow. Shareholders’ equity grew 3.19% to $29.6 million. Total assets ended the year at $320.5 million, up 5.83%.

We added $100,000 to the loan loss reserve and charged off $420,000 in loans primarily due to one commercial loan relationship at risk. Salary and health insurance costs increased 7.09% and we continue to employ cost-savings measures to decrease expenses in many operational areas.

Net income for the year was $1,460,081, down 18% from 2013, but better than our expectations. We look to improve net interest income in 2015 through loan growth, replacing our lower yielding investments with higher yielding residential loans and modest commercial loan growth.

Our trust and investment affiliate, Community Financial Services Group, ended the year with over $500 million in assets under management and contributed $268,515 to the bank’s income.

Our 2014 results, despite the expected decline in net income, did reflect the first turnaround for net interest income, from a steady decline beginning in 2011 to a gradual month-to-month improvement in 2014. We begin 2015 with plans to shift our balance sheet by reducing the size of our investment portfolio and growing loans, while keeping an eye on the slowly improving local economy.

Thank you for your continuing interest and support of National Bank of Middlebury and Middlebury National Corporation.

Sincerely,

Caroline R. Carpenter
Executive Vice President
This year marks the culmination of a 5-year commitment by National Bank of Middlebury for renovations to the Bixby Library in Vergennes. It is an example of connecting to our communities and of respect for the past and investment in the future. In many ways it is also a metaphor for the bank and its core values. We embrace technology, change and diversity, yet remain constant to our core values — pride and enthusiasm in our work, respect and dignity for one another, commitment and service to our customers and neighbors. We take pride in being an independent bank.

We were recognized for our outstanding work in SBA (Small Business Administration) loans. The award recognizes a significant increase in small-business loan volume. It is most impressive that NBM ranked number two in the state exceeding the volume of many larger banks. As a small community bank, lender partners such as the SBA are critical to meeting the credit needs of small businesses in our communities.

In 2015 Caroline R. Carpenter became the 11th president in our 184-year history after having served in operations, technology and customer service for the past seventeen years. We look forward to serving the ever-changing needs of our customers.

Past and present presidents from left to right: G. Kenneth Perine, Caroline R. Carpenter and Robert J. Duclos
Community Financial Services Group (CFSG) is the Trust and Investment Management Affiliate of the National Bank of Middlebury. CFSG accounts are not obligations of or guaranteed or insured by the bank or any depository institution, the FDIC, or any other government agency. Investments are subject to risk, including the possible gain or loss of principal.

Who we are

Community Financial Services Group (CFSG) is a $500 million trust company owned by National Bank of Middlebury, Community National Bank and Woodsville Guaranty Savings Bank.

Very simply, we provide clients with comprehensive, unbiased investment advice and trust services.

2014 results

In 2014, CFSG achieved record revenue of $3,726,000 and record profits of $861,000. During the year, we added $54 million in new client relationships.

Contacting us

If you wish to receive trust or investment advice, please call CFSG toll-free at 877-334-1677 or e-mail us from www.cfsgtrust.com and a trust officer will be pleased to meet with you at your convenience.

Staff updates

At the end of the year, our Middlebury colleague, Douglas MacCallum, retired and was succeeded by Paul Valente, who moved back to Vermont after working in Boston for several years with two major investment firms. Paul’s office is located in the bank’s main building in Middlebury, while our regional manager and trust officer, Tom Bright, continues to have an office at the bank’s drive-through branch on Seymour Street.
Directors & Officers

Directors of Middlebury National Corporation and National Bank of Middlebury

Caroline R. Carpenter  Michael D. Schoenfeld
Roch F. MacIntyre  Linda K. Harmon
G. Kenneth Perine  Lawrence W. Miller II
Paul J. Carrara Jr.  Sarah D. Stahl
Michael G. McLaughlin

Robert J. Duclos, Director Emeritus
Edward M. Foster, Director Emeritus

2015 Officers of Middlebury National Corporation

Linda K. Harmon, President
Caroline R. Carpenter, Executive Vice President
Lawrence W. Miller II, Secretary
Stacey D. Brown, Treasurer

2014 Officers of National Bank of Middlebury

Sarah D. Stahl, Chair
Roch F. MacIntyre, Vice Chair
Caroline R. Carpenter, Clerk
Paul J. Carrara Jr., Assistant Clerk

G. Kenneth Perine, President & Chief Executive Officer
Caroline R. Carpenter, Executive Vice President & Chief Operating Officer
Laura J. Adams, Senior Vice President
Sarah A. P. Cowan, Senior Vice President
Grover K. Usilton, Senior Vice President
Stacey D. Brown, Vice President
Julie L. Heffernan, Vice President
Kerry D. Bolduc, Vice President
Christine N. Sickles, Assistant Vice President
Christopher J. Carpenter, Assistant Vice President
Christine G. Wagner, Assistant Vice President
Jo A. Holm-Hansen, Assistant Vice President
Christopher M. Lapierre, Assistant Vice President
Ian P. Carroll, Middlebury Business Market Manager
Sharon L. Brown, Community Lender
Catherine E. Wall, Brandon Community Office Manager
Heather J. Jerome, Bristol Community Office Manager
Laurie L. Barrett, Vergennes Community Office Manager
Staff of National Bank of Middlebury

Mallory Barnum  Roxanne Lafayette
Carolyn Bearor  Christine Lathrop
Jane Beck  Shany Leduc
Brenda Cota-Blanchard  Amber Lovely-Lee
Carole Boise  Ashley Gowen-Mayo
Cassandra Boise  Meaghan McLaughlin
Brenda Bourdeau  Jeanne Miller
Joel Bouvier  Bailey Mills
Elizabeth Brown  Beth Morse
Beth Buckman  Kerry Mulcahy
Amber Cameron  Melody Mundorf
Hilde Caswell  Karen Osborn
Lynne Chabot  Sharon Oster
Kathleen Clark  Elizabeth Peabody
Jesse Collins  Nicholas Perzanoski
Maureen Conrad  Amy Piasecki
Roxann Cousino  Delsie Polgar
Donna Donahue  Kirsten Putnam
Christine Dowd  Karene Reardon
Karen Eguren  Laura Reed
Jamie Evans  Angela Rheamente
Melissa Farr  Nicole Rheame
Michelle Farrell  Kimberly Richards
Kylie Felion  Patrick Rooney
Geraldine Fox  Joshua Root
Madeline Gardner  Shelby Rouse
Monica Garthaffner  Kelsey Ryan
Jennifer Gebo  Virginia Salino
Christine Dowd  Elizabeth Sabourin
Karen Eguren  Wendy Shaw
Jami Evans  Karen Sinnock
Melissa Farr  Eleanor “Misse” Smith
Michelle Farrell  Bhrea Strand
Kylie Felion  Marion Sullivan
Geraldine Fox  Tracy Tembreuil
Madeline Gardner  Sandra Trombley
Monica Garthaffner  Wendy Truax
Jennifer Gebo  Cathy Trudel
Christine Dowd  Gina Van Hook
Karen Eguren  Michele Warren
Jami Evans  C. Lynne Wiley
Melissa Farr  Danielle Woodbury
Office and drive-up locations

Main Office
30 Main Street
Middlebury

Drive-up Office
15 Seymour Street
Middlebury

Route 7 South Office and Drive-up
240 Court Street
Middlebury

Brandon Office
5 Carver Street
Brandon

Bristol Office and Drive-up
28 Main Street
Bristol

Hinesburg Office and Drive-up
140 Commerce Street
Hinesburg

Vergennes Office and Drive-up
29 Green Street
Vergennes

ATM locations

Offices with ATMs:
Main Street
Seymour Street
Route 7 South
Brandon
Bristol
Hinesburg
Vergennes

Additional ATMs:
Middlebury College Student Center
Middlebury College Library
Middlebury Market & Sama’s Cafe