



Northfield Savings Bank

≈ FOUNDED 1867 ≈

140 YEARS OF HISTORY

Foreword

The Northfield Savings Bank is a strong presence in Northfield, Vermont. Its many branches are located throughout the central part of the State and the greater Burlington area, important institutions within their communities. The Bank—and its Flying Pig mascot—are well known throughout Washington, Orange, Windsor, and Chittenden Counties.

Unfortunately, much of the Bank's history is not so visible or well known. A good portion of the Bank's historical archives, including many photographs, were destroyed in a flood a number of years ago. Although the Bank is obliged to save financial records—its vault contains many dusty ledgers—the history of the Bank as a physical place, and as an employer and presence in the community, is not to be found in these documents.

This history is intended to fill some of those gaps. Drawn from a limited amount of archival material and from interviews with Bank officials and community members, its intent is to provide an accurate picture of how the Bank changed—and how it stayed the same—over the years. We apologize for any omissions, glaring or otherwise.

Russell J. Belding, August 2007

The Bank's Beginnings

The first train of the Vermont Central Railroad chugged through the village of Northfield on October 11, 1848. Charles Paine, president of the railroad, lived in town, and, not surprisingly, located its main headquarters here. But Vermont Central soon ran into financial trouble, and in 1853—the year Paine died—its base of operations moved to St. Albans. Within the next few years, the town's once



The Northfield Savings Bank building in its original state, circa 1910.

proud depot had been nearly emptied of its contents, and Northfield's importance as a regional hub had diminished.

Shortly after the Civil War, two nearly simultaneous events occurred to boost Northfield's standing. A fire on the grounds of Norwich University in 1866 destroyed the school's principal building. Unable to find the financial support necessary to make good its loss and continue operations in Norwich, Vermont, the school began looking for a new home. Eighty-two Northfield citizens offered financial assistance to encourage the military college's move to their town, and in the fall of 1866, the first classes of the newly relocated school were held in Northfield.

The following year, one of Norwich's professors—who would later become the school's president—led the effort to create a mutual savings bank in Northfield. As the Bank's centennial pamphlet noted: "Rev. Bourns was an immigrant from Ireland where the churches were active in organizing mutual banks for the encouragement of thrift. No doubt his experience in Ireland led him to the decision to form a bank here in Northfield." Reverend Edward Bourns was one of the Bank's eleven original incorporators. The others included George M. Fisk, Alvin Bradley, A.G. Button, Edwin K. Jones, Pearly Knapp, John Lynde, George Nichols, Jasper Orcutt, Elbridge G. Pierce, and John W. Rowell.

Although the Bank was incorporated on November 21, 1867, its first board meeting was not held until February 2, 1869, and it did not open for business until May 29, 1869. (At the risk of flouting bank confidentiality laws, we note here that Daniel H. Downing made the first deposit—\$230—on May 29. The first loan—for \$100—was made to Newton Martin two days later.)

The new Bank was located in the Edgerton Block on the south side of the Common, in the corner store of James Cary Barrel Thayer. As treasurer of the Bank, Thayer seems to have held a more important job than the Bank's president. His was the Bank's only paid position. Historian Luther B. Johnson notes that storekeeper Thayer "conducted it [the Bank] as a side line, keeping the valuables in an ordinary iron sided safe."

The wisdom of such a casual arrangement was put to the test on the morning of September 30, 1882, when Thayer opened the store to find the Bank had been burglarized:

... An entrance had been first made into the room over the Bank, but as the trap door leading to the room below had been nailed up the would-be burglars were compelled to seek other means of entrance and finally pried open the door at the rear. A small hole was drilled in the safe door and the safe was covered with cloths to deaden the sound when the charge was fired. Instead of blowing open the safe, as they had expected, the inside plate was blown in while the outside plate remained firm and they were unable to get at the contents...

Within a few days, two suspects, Frank Gifford and George Bates, were apprehended. Bates, unable to raise \$1,000 bail, was jailed in Montpelier. Gifford voiced confidence that he could raise his \$500 bail, and so was allowed to return to Northfield with Officer Charles F. Russell. Historian Johnson continues the account:

...According to Officer Russell, Gifford was reasonably quiet during the early part of the

night, though very nervous, and at about two o'clock he was allowed, on some pretext, to go down to the office, his hands being hand-cuffed in front of him. While there he made a dash for the door and bounded into the street. Russell was sharp after him and commenced firing, but although one ball seemed to have grazed Gifford's head it did not stop him. He started down the street in the direction of the town bridge with the officer in hot chase, and when just at the left of the bridge Gifford struck the plank railing and was thrown over it and down the bank into the river.

A locomotive was standing near the arch bridge and by the light Russell could see Gifford in the water. He drew his revolver and ordered him to come out, which he did. Just as he got him up the bank he thinks that either Gifford or a confederate shot at him as he found his vest on fire when he got back to the hotel.

He had hardly landed his prisoner at the hotel when [Gifford] again bounded into the street and this time started up Main Street with Russell in hot chase. When about at the top of the hill Gifford turned and dashed down the street again, shouting, "Here he goes! Here he goes!" evidently intending to make the officer think that he was somebody assisting him. But Russell was not to be fooled and so grabbed the chap and forthwith proceeded to lock him in one of the cells at the lock-up...

Soon after this unfortunate event, in January 1883, a committee was formed "to look for suitable banking rooms." On June 27, it was voted to purchase a portion of the old hotel ground, a lot north of Huntley's Block on Main Street facing the Common. It was here that the Bank planned to build "a three story brick building, 23 x 48, with vaults for the safe-keeping of the Bank's funds."

On the last day of 1883, Treasurer Thayer moved into the new block, which a local newspaper described in the following terms:

...three stories, faced with yellow Milwaukee brick, with heavy iron trimmings, and two large plate glass windows. The front room is finished in black ash and the back room in pine, both with black walnut trimmings. There is a large brick vault, resting on a heavy stone foundation. A burglar proof safe and a counter for the front room are soon to be put in. The two upper stories will remain unfinished until next spring. The building faces west, looking across the square to the depot, and is an ornament to the village.

The Bank building acquired a new safe and a new furnace in 1900. The safe took "the place of the old one which was not suited to the needs of the institution. [It] weighs over four tons, has an inside steel case, time lock and is burglar proof. The door of the vault and a portion of the fixtures had to be removed to allow it to be put in position." In 1905, the Bank installed safety deposit boxes. And in a further concession to modernity, the Bank's board voted on February 29, 1908, "to submit the matter of purchase of an adding machine to the treasurer."

A Decade of Growth and Expansion: 1910-1919

The Bank's assets reached the \$1 million milestone in 1910. The institution's steady monetary growth called for physical expansion as well, and this was accomplished in 1911, after the board approved \$10,000 for the project. While major renovations were in progress, the Bank moved to temporary headquarters next door in the Mayo Block. The Bank was back in its old place of business on November 18, 1911:

...In place of the old brick and mortar vault, are two vaults either of them larger than the old. The lower one for the protection of books and papers and the storage of large packages for its patrons and the one on the main floor, for the very best protection of the securities and safe deposit boxes... The door on the lower vault is fireproof, while on the main vault there hangs a massive, new, specially constructed, solid steel door ten inches thick over all. The vaults have the further virtue of being entirely surrounded by an open space so that no drilling could be done without immediate knowledge...

The lobby in the main office is ample for the convenience of the public and has a long settee against the south wall for those who are waiting, and a desk with pen and ink...

The scheme of the offices in the Bank is solidity rather than display. There are few ornaments, but the work is solid and substantial...



Tellers and a bank official after the 1911 renovation.

By 1909, Northfield Savings Bank was competing with two other financial institutions in town. The Northfield National Bank (originally known as the Northfield Bank) was the town's first bank, having been chartered in 1854. A third bank, the Northfield Trust Company was incorporated in 1906 and opened its first place of business in 1909. In 1912, Northfield Trust moved into a new building just across East Street from the Mayo Block. (An indication of just how close-knit a community Northfield was, and is: one of Northfield National's early directors was Charles A. Edgerton, brother of future NSB President Orvis D. Edgerton.)

A short piece in the *Northfield News* gives some indication of the relative size and prosperity of the two older banks:

The banking institutions give a fairly good idea of the business progress of a town and it is interesting to note the increase of business in the two banks in Northfield in the last two decades. At the close of business December 31, 1887, the deposits in the Northfield Savings Bank amounted to \$350,000 as against over \$811,000 at the present time. Individual deposits subject to check in December 1887, in the Northfield National Bank were \$13,719 as against \$83,145 in the statement published in these columns the present month.

Another sign of NSB's growth can be found in the notes for the annual meeting of January 1912, when Hayden M. Gaylord was elected to the board of trustees. Gaylord was the first board member from out-of-town, hailing from the distant municipality of Randolph, 17 miles to the south. The *Northfield News*, sought to reassure readers that this geographic expansion on the part of the Bank was not necessarily a bad thing:

Randolph town and vicinity has been known as a fine section and the village one of the best in Vermont. It should prove of advantage in a rapidly growing community to be more closely identified with the best reflector of prosperity over a wide area, a mutual savings bank, and with one which has had, at least, great success in benefiting the people.

THE OUTSIDE VIEW

What the neighbors and credit people say should be discussed every time on account of neighborly pride and local pride. Choosing from consideration the views of the chronic talker, as of no consequence, is it my trust, as well, that the talk value is not given always to opportunities we have. *Nothing does for us because they have become an opinion and said that we simply take them for granted?*

It has been said that the location of an army post is welcomed by the community when *known* when the post has been used for four or five years sometimes the neighbors begin to make it unpleasant in one way or another so that every few years the three goes out from the post that is now be abandoned. This makes for a quick change in local sentiment and appreciation of the fact is there for a while.

The strength and ability of a savings bank is sometimes best judged by those who live far enough away to get a broad view of them outside in general.

TEN PER CENT

of the deposits in Northfield Savings Bank state residents, mostly of Vermont at the end of the last year (1911) 1,170,000. The collection of dollars which have come into this bank and community help build it up by providing loans for those who need to borrow and help every tax payer here.

NORTHFIELD SAVINGS BANK

FRANK FLEMING, Pres. JOHN L. MORTLEY, Vice Pres.
HERB. C. CADY, Treasurer.

NORTHFIELD VERMONT

Ad in the *Northfield News*, April 10, 1917. The concept of eye-catching graphics was not particularly important to advertisers in this time period. The philosophy seemed to be: Pack your ad with information, and emphasize particular points with bold print.

Getting the Word Out

Gaylord's election to the board was the first of many efforts on the part of the Bank to serve a wider community. In 1914, the board of trustees voted "that the Bank pay the hotel expenses of out-of-town members of the corporation attending the Annual Meeting." And in 1921, the Bank's president, vice president, and treasurer "were appointed to determine if it was feasible to appoint agents in adjoining towns to try to increase deposits."

A minor, yet telling indication of the Bank's increased prosperity: the Bank's annual meeting of 1913 was the first to feature a dinner. This was held in "the parlor of Howes' Hall where the usual high standard supper was served by the ladies of the Congregational society."



The Bank's "Convenient Home Safe," which they loaned to all depositors of a dollar or more in 1919.

The Bank has long recognized the need to promote its services and products to the community. In the early years, the Bank published in the local newspaper a list of deposits and assets—as well as a list of the Bank's officers. But it wasn't until June 22, 1897, that the board voted "to advertise in the Northfield News." Within a week, an advertisement appeared in the paper. It read in part:

It is a pure Savings Bank. All the earnings above expenses belong to the depositors. No Savings Bank in the State has a higher percentage of surplus to the deposits; hence none furnish a higher degree of security to the depositor... The interest, paid semi-annually, has never been less than four per cent per annum, which is all the law now permits. When the surplus equals 10 per cent of the deposits, then a special dividend may be made. No Bank in the State has as near 10 per cent as the Northfield Savings Bank.

During the second decade of the 20th century, NSB promoted itself through many ads that today would be considered rather wordy, even bombastic. One such ad, from 1916, quoted Reverend DeWitt Talmage:

I cannot imagine any more unfair or meaner thing than for a man to get his sins pardoned at the last minute, and then go to heaven and live in a mansion, and go riding about in a golden chariot over the golden streets while his wife and children, whom he might not have provided for, are begging cold victuals at the basement door of an earthly city. It seems to me there ought to be a poorhouse somewhere on the outskirts of town where those guilty of such improvidence should be kept for a while on soup and gristle, instead of sitting down at the King's banquet. It is said that the church is a divine institution, and I believe it. Just as certainly are the savings banks divine institutions.

Soon after the U.S. entered World War I in 1917, NSB, along with countless other businesses across the country, began selling bonds to pay for the war. An ad from October 1918 put it rather starkly: "The more Bonds you buy, the fewer boys will die."

In 1919, the Bank advertised "the Convenient Home Safe," available for loan to all depositors of a dollar or more: "Nothing better with which to acquire the regular habit of saving, but they don't work unless you feed them." In what may have been the Bank's first "giveaway," customers were advised: "Do not wait until the safe is full. Bring to the Bank. Small deposits make big ones." The Bank cited the "present demand" for the home safe, "although no effort has been recently made to advertise them."



Ad in the *Northfield News*, August 28, 1923. By the 1920s, ads were becoming less wordy, and the print was larger. The symbol at the top may well be The Bank's first "logo." It was used for just a few years.

During the 1920s, the Bank began its long tradition of emphasizing "the saving habit" in its promotions. The public was also occasionally reminded of the benefits of a mutual savings bank: "The word 'mutual' which is always applied to the old type savings banks, means reciprocally acting for the common good. In plain language it means the depositors have the benefit of ALL of the profits a part of which is reserved, according to law, for the protection of deposits from possible loss and the remainder is distributed among the accounts of the depositors at an EQUAL rate of interest."

The words are as true today as they were when NSB first opened for business.

The 50-Year Mark and the Great Depression

In 1919, the Bank celebrated the 50th anniversary of its opening to the public. For the occasion, Arthur M. Edwards penned "A Rhythmic Tribute for the Semi-Centenary of the Northfield Savings Bank." It concluded with the following lines:

*So it stands before the village.
A monument proud and strong,
Where its wealth is free from pillage,
And its customers from wrong.
True, tried and trusted shall it stand
Conserving as it should
With skilful hand a future grand
Promoting public good.*

The solemnity of the Bank's 50th anniversary was followed by a more light-hearted event. According to one Northfield history, on at least three occasions in the 1920s, a fellow named Jack Smith, better known as "The Human Fly," appeared in Northfield and attracted large crowds. On one visit, his feet bound in shackles, he climbed the front of the Savings Bank building. According to one account: "After giving his life history and other miscellaneous bits of information, he then naturally passed the hat."

In the days following the flood of November 1927, rumors appear to have been rife in Northfield that the banks were out of money. Bank Treasurer Richard H. Gaylord assured the public: "Banking business in Northfield is being carried on as usual. Such was the case throughout the flood period, and it will continue so despite all unfounded and unwarranted reports to the contrary." Within a few years, banks in Northfield—and everywhere else in the country—would be endeavoring to reassure a nervous public experiencing the beginnings of the Great Depression.

The commonly accepted narrative of the 1920s and early 1930s includes a glut of excess, unrestrained speculation, and fabulous riches followed by a stock market crash, which brought on widespread bank failures, desperate poverty for millions, and the near-collapse of capitalism. While there is certainly truth in this narrative, Vermont experienced neither the great prosperity of the 1920s nor the extreme privations of the 1930s, compared to other parts of the country.

Nonetheless, the Great Depression had an impact in all corners of the country, including Vermont. At a board meeting on September 17, 1931, "the matter of buying some stock of the Montpelier National Bank was discussed at length following which Mr. Elliott made the following motion; moved that the Northfield Savings Bank purchase ten shares of the Montpelier National Bank stock at \$300 per share in order to help them out of the peculiar situation in which they find themselves and aid the community."

\$14.00

**You can rent a house
for that. Bath, Lights
and plenty of rooms.**

Apply to

Northfield Savings Bank

Ad in the *Northfield News*, August 3, 1933. Apparently, no loan was too small during the depths of the Great Depression.



Richard Gaylord was the Bank's Treasurer during the Depression, and worked for the Bank for 55 years.

In December of the same year, it was decided to reduce by 5 percent all Bank employee salaries, "except Richard Gaylord."

In *Green Mountain Heritage*, a history of Northfield, Richard Gaylord remembered how NSB got through the bank holiday of March 1933, when all U.S. banks were closed to enable the passing of the Emergency Banking Act and to allow government officials to investigate the soundness of each financial institution:

To him (President Heber C. Cady) goes the credit for bringing the Bank through the Bank Holidays in such fine shape. I well recall how we were restricted to paying out only small amounts during the first few days after all banks were closed; \$15 per week to any one depositor, then a little more the following week. All banks had to be examined before opening for regular business. We were one of the last. By this time word had gotten around as to how those examinations were going. Many banks were reorganized, some sold more common stock, some borrowed from the Federal Government through the Reconstruction Finance Corporation (known as the RFC)...

When the examiners finally walked into our Bank, Mr. Cady was ready for the occasion. I can still hear him say, "If you are here to examine this Bank as a going institution, you are welcome, but if you are going to examine us on the basis of liquidating tomorrow, you might just as well take those bags and get out." We were examined—we opened and had the distinction of being the only State bank that never borrowed from RFC or sold any stock.... (During the Bank closing) Mr. Cady and I came down to the Bank every day but did no business until we were allowed to pay small sums. I well recall one depositor who wanted all her money in gold. Asked what she would do with it, she said she would pile it up, put her arms around it and love it. These

were rough days in many ways, no one had any money to work with, businesses failed, farms and homes were taken over by the Bank. These times called for imagination and it was here that a Yankee Trader could be helpful. We took cows, lumber, shingles, hay or anything we could trade... It was during this time that I asked Mr. Pelton to go with me to see some cattle that we were taking in trade. As we looked over the cows and examined their teeth Mr. Pelton stood under an apple tree, slightly bowed with his hat off. When asked why he stood thus, his reply was "I always pay respect to old age."

The Bread Line

THERE ARE PERIODS OF DEPRESSION AND PERIODS OF PROSPERITY. BUT UNFORTUNATELY THERE IS ALWAYS A BREAD LINE FOR THOSE WHO HAVEN'T LEARNED TO SAVE. DURING PROSPERITY YOU MUST SAVE IF YOU ARE TO BRIDGE THE PERIODS OF DEPRESSION. WHY NOT START A SAVINGS ACCOUNT HERE TODAY?

Northfield Savings Bank

Member of Federal Deposit Insurance Corporation

Ad in the *Northfield News*, January 4, 1940. The Bank was not opposed to incorporating warnings into its advertising.

An Eye Toward the Future. A Knack for Innovation.

Although the national bank holiday lasted from Monday, March 6, until Saturday, March 11, 1933, many banks did not immediately reopen. A board meeting was held at Northfield Savings Bank on March 14, where it was decided to “apply for a license to reopen.” It is not known exactly when the reopening occurred.

In December 1933, the board moved to “apply for membership and admittance to the Federal Deposit Insurance Fund until July 1, 1934.... The present sentiment of the board being that they will determine before July 1 whether or not they wish to join the permanent fund.” On April 2, 1934, State Banking Commissioner Robert C. Clark announced: “Deposits of any sum up to \$2,500 in Vermont State banks will from this day forth be insured by the Federal Deposit Insurance Corporation.” Within a few months, all Northfield banks posted FDIC signs on their premises. On June 29, the Bank voted to apply to the FDIC “for an increase of insurance of deposits in Northfield Savings Bank from a limit of twenty-five hundred dollars per deposit to a limit of five thousand dollars per deposit.”

In 1935, a report on government aid to Vermont banks showed that of all the mutual savings banks in the State, NSB was the only one that “required no aid from the RFC and issued no debentures.”

As conservative as the Bank has always been in managing its depositors’ money, operationally NSB has frequently been an innovator, ready to try something new.

Those innovations have included everything from introducing school savings accounts for students in grade school through high school (in 1935) to being the first bank in central Vermont to install automated teller machines (in 1978).

The school savings accounts were introduced in December of 1935. A total of 173 students chose to take part in the program. Of the three banks in town, NSB, through its own initiative or perhaps as chosen by school officials, was named as depository. The plan was carefully constructed to teach prudent savings and spending among the town’s school children:

... The purpose of the new plan is to teach money management, proper planning, wise spending and regular saving of small deposits.... An objective is provided for every pupil. His first goal is the saving of ten dollars. At that time a regular savings account in the Northfield Savings Bank will be opened and the student begins again to accumulate small deposits in his school account...

One former NSB employee and at least two current ones recall being the designated “student cashier” of their class, many years before coming to work for the Bank. The program was still going strong in 1959, when the Bank’s president reported that it consisted of “approximately 622 accounts, with deposits around \$11,500.” The program remained in operation as late as 1969.

NSB began offering other new services in the 1930s. With the advent of Social Security at the beginning of 1937, the Bank made available “Free Record Books for Employees.”

Starting January 1st the Old Age Security Law goes into effect. Your employer will be obliged to keep out of your pay an amount equal to 1%. To this amount he must add another 1% and send both these amounts to the Federal Government. For your own benefit you should keep a record of these amounts, as your old age pension will be determined by them. We have a limited supply of books in which one may keep such a record...

That same year, the Bank encouraged customers to deposit sums for “taxes, interest and the reduction of your mortgage” and offered to “make each payment for you and there will be no bother nor worry on your part.” Two years later, the Bank boasted that 26 customers were making use of the service.

The Bank also advertised local property for sale, specifying location and asking price. After the hurricane of September 21, 1938—a storm which devastated much of the coast of New England and destroyed hundreds of thousands of trees in Vermont—the Bank ran an ad asking: “Did your property Suffer Damages? If you had a heavy Loss in the storm of Sept. 21, we are interested in hearing about it.... Perhaps there is something we can do to help.”

It would be some time before checking accounts were available at the Bank. However, in 1938, NSB began offering “bank money orders” to customers:

The obtaining of one of these orders is very simple. The party buying the order merely tells the Bank the name of the party to whom the order is to be sent and the amount of said order. The Bank then makes out a neatly typewritten check which is good anywhere in the country. A typewritten receipt showing date, amount of check and party to whom sent is then given to the purchaser to be kept for his records. The whole transaction takes but a minute.

In March 1940, the Bank’s board of trustees voted “to make application to the Federal Housing Administration for approval as a mortgagee under the provisions of Title 2 of the National Housing Act” and to submit applications to the Federal Housing Administration for mortgage insurance.

The following year, even before the United States entered World War II, the Bank was selling U.S. Defense Savings Bonds. And in January 1947, the Bank began participating in the Servicemen’s Readjustment Act of 1944, better known as the G.I. Loan program.

Over the next 60 years, many other innovations would come, many of them propelled by new technologies and customer demand. But as forward thinking and innovative as the Bank has often been, it has also valued traditions, the long service of many of its employees, and its strong ties to the communities it serves.

Look at it **THIS** way—



You don't really see your home until it is paid for in full. That's why it is so important to have a mortgage plan that provides for regular payments of principal. We offer that kind of mortgage loan, at reasonable interest rates. If you plan to buy a home, or refinance your present mortgage, see us without delay.

Northfield Savings Bank
MEMBER FEDERAL DEPOSIT INSURANCE CORP.

Ad in the *Northfield News*, May 16, 1946. An indication of the postwar housing boom. All that's missing is the picket fence.

“I Own My Own Home”



...BUT DO YOU REALLY?

You don't own it completely until it's paid for. We'll be glad to arrange a mortgage plan for you that will make the home *all* yours some day. Rates are reasonable; length of loan and amount of the payments are fitted to your individual situation. Won't you discuss this with us? **No obligation on your part.**

Northfield Savings Bank
MEMBER FEDERAL DEPOSIT INSURANCE CORP.

Ad in the *Northfield News*, May 30, 1946. With many soldiers home from World War II and the GI Bill implemented, many families were getting their first mortgages.

The Gaylord Years: A Remarkable 55 Years of Service

On November 17, 1941, Bank President Heber C. Cady was honored for fifty years of service at the Bank. Cady, a Norwich graduate, became the Bank's treasurer after ten years of employment and then waited another 24 years before being elected Bank president. A little more than a year after his 50th anniversary celebration, Mr. Cady died and was succeeded by Richard Gaylord, another longtime Bank employee.



President and Mrs. Richard Gaylord dressed in historic costume for the Bank's 100th Anniversary party.

Gaylord, a Waitsfield native who had been at the Bank since May 1917, was appointed treasurer in 1925, the same year Mr. Cady had taken over the presidency. In the 1920s and beyond, Gaylord and his wife ran a greenhouse in South Northfield. He even contributed "Garden Notes" to the *Northfield News* in the late 1920s and early 1930s, demonstrating a banker's practicality and thrift well beyond the world of ledgers:

Have you some nice shrubs and evergreens around your house? Are they where the snow and ice will slide off from the roof and hit them? If so, you should not delay in building a snow break for them. The shrubs will look much better in the spring, and it may save you from buying new ones.

For many years until Gaylord became president, the Bank published in the local paper a brief annual statement of its resources and liabilities. One such summary, published in May of 1942, showed the destination of all the money taken in by the Bank:

- 39.8% went to interest paid on deposits;
- 30.2% was added to the surplus for protection of deposits;
- 12.8% went to salaries;
- 10.3% to taxes;
- 3.8% to property expenses; and
- 3.1% to "other."

With Gaylord in charge, a more detailed statement was published twice a year. These statements reveal that during World War II, U.S. Bonds often constituted the Bank's greatest asset, closely followed by loans on real estate. The Bank surpassed \$3 million in assets in 1945 and reached \$4 million in 1948.

In June 1953, Gaylord was elected president of the Vermont Bankers Association. In that role, he joined a committee of bankers charged with working out a plan under which a nationwide group of banks would purchase many of the outstanding business loans of the Reconstruction Finance Corporation (RFC). The goal was to help liquidate RFC loans, realize some \$15 million in savings to the U.S., and bring the country "another step toward a balanced budget through the immediate conversion into cash of some \$85 million of business loans now being held by the government."

The RFC had been formed in 1932 to lend money to financial, industrial, and agricultural institutions. After an expansion of its mission during the New Deal, the RFC was abolished as an independent agency by an act of Congress in 1953. As the *Northfield News* noted at the time of Gaylord's visit to New York, the dispersal of RFC loans to banks would "help to restore a normal relationship between borrowers and the banks in their own communities. The plan will substantially reduce the area of governmental assistance to private enterprise."

In 1952, another long-term employee joined the Bank. In June of that year, Leslie G. Seaver, recently returned from service in the National Guard in Germany, went to the Bank to ask for a car loan. A few days later, he went to work for NSB. In the early 1950s, the Bank's staff consisted of the president, the secretary, the treasurer, and two tellers. Seaver, who filled one of the teller positions, also acted as the Bank's janitor. After he and Patricia Rogers were married in 1954, the couple moved to an apartment upstairs which later became the Bank's Boardroom. As Bob Wechsler noted in an article published at the time of Les' retirement: "Les was close to work and was assured that he would never oversleep. Assistant Treasurer Dick Pollard was an early riser and would arrive at work at 7 am. If he did not hear the Seavers



Les Seaver and his family pose in front of the Bank.

shuffling about by 7:15, he would rap the heat pipes with a ruler. The resounding echo would assure that Pat and Les would promptly begin the day.”

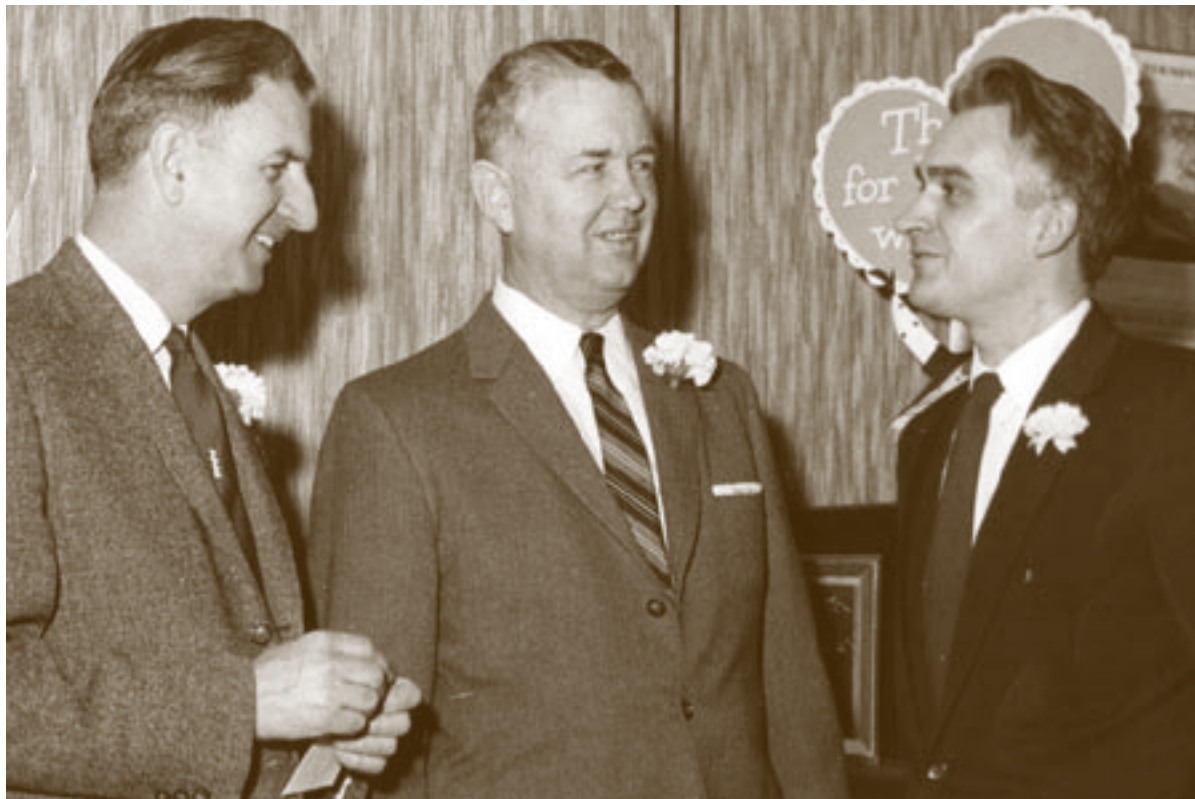
In February 1956, a study revealed that, of all the banks in Washington County, the Northfield Savings Bank had achieved “the greatest percentage of increase in assets since 1945—104.3%. It jumped from \$3,156,000 in 1945 to \$6,449,000 in 1954.” On July 9, 1956, the Bank had a record deposit day: \$89,992. No doubt as a result of this continued growth, the Bank purchased the Desparte Block, just south of the Bank, in 1957.

Alterations to both buildings were completed in February 1959. The “swank new quarters” were described in the *News*:

...In addition to numerous interior changes, the west sides of the two buildings facing Depot Square were modernized to give the appearance of one.... Beautiful birch paneling predominates the interior decorative scheme.... Floors are covered with inlaid linoleum or tile in all rooms except the Treasurer's office where wall-to-wall carpeting has been laid. Two large thermapane windows...provide an expansive view of Northfield's business district.... The old Bank interior has been renovated to blend with the new, and the enlarged lobby consists of parts of both buildings.... The new three-window counter provides spaces for the Bank's three special machines known as Sensimatics...

The Bank held an open house on February 14, 1959, St. Valentine's Day. About 300 people attended the opening. As the following item suggests, Bank employees were eager to demonstrate all the new, modern machinery that came with the renovation:

...At the preview President R.H. Gaylord and Treasurer F.C. Leonard greeted the Corporators. Barbara Zasacky, Gloria Mancini and Mona Ford acted as hostesses and escorted the Corporators and their wives through the Bank to observe the equipment and office area. Assistant Treasurer Leslie G. Seaver showed the operation of the Burroughs sensimatic counter machine that is used for handling both savings and loan activity...



Open house, February 14, 1959. From left, Francis C. Leonard, Richard H. Gaylord, Leslie G. Seaver.



The newly refurbished Northfield office, February 14, 1959.

Then Mrs. Cecile Willette demonstrated the coin counting machine and the electric letter opener, while Mrs. Margaret O'Grady explained the operation of the Pitney-Bowes mailing machine. The tour continued through the president's office, then through his secretary's office into the new working area and through the treasurer's office and down the stairs to the trustee's room... Mrs. Margaret Bales showed how the Thermofax duplicator operates, and Mrs. Mary Bean explained the function of the Recordak Microfilmer and viewer...

At a 1959 meeting of corporators, President Gaylord presented the results of a "lending activity study," an overview of NSB's financial activities included the following:

The total amount loaned for the period was \$774,233, with loans for agricultural purposes topping the list and totaling \$205,079.

Other loans included:

- Buying, building or improving homes: \$201,347;
- Auto financing: \$112,978;
- Personal loans: \$110,796;
- Loans for miscellaneous purposes: \$114,033.

Loans by towns and areas:

- Locally: \$257,529;
- Randolph, Brookfield, Braintree: \$156,285;
- Waterbury, Stowe: \$98,069;
- Royalton, Sharon, Bethel, Barnard: \$88,172;
- Waitsfield, Moretown, Warren: \$71,191;
- Montpelier, Barre: \$40,099;
- Rochester, Pittsfield, Stockbridge: \$22,830;
- Other areas: \$40,058.



A grand parade was held during 1967 to celebrate the Bank's 100th anniversary. One of the participants was a baby elephant who marched down Main Street with a banner advertising the Bank.

Gaylord noted personal loans were used for taxes, doctors and hospital expenses, education expenses, household fixtures and equipment, vacations, and other purposes. Agricultural loans were made for purchasing farms, refinancing, operating funds, purchasing cattle and equipment, improvements, and miscellaneous purposes connected with farming. Other loans included advances for financing businesses such as lumber, farm equipment, garages, stores, ski developments, and trucking.

As this overview suggests, NSB was by now reaching out to communities beyond Washington County. It was no longer necessary, as it had been in 1912, to assure customers that even though a Bank officer might be from Randolph, he still had Northfield's best interests at heart.

By the 1960s, under Gaylord's leadership, the Bank was reaching out in other ways as well. Vermont was becoming well known for its winter resorts, especially by those in southern New England with disposable incomes and a fondness for skiing. At the same time, the federal government was building the Interstate Highway System, making travel to and through Vermont easier and faster. The transformation of much of Vermont from rural farmland to a vacationland for those who could afford second homes—and to a State known for its "endangered" scenery—was already well underway by the mid-1960s.

The Northfield Savings Bank welcomed these new customers. In fact, at the 1965 annual meeting, Dick Gaylord told of the "significant contribution" the Bank was making to resort development in Stowe, as well as in the Mad River Valley towns of Fayston, Waitsfield, and Warren. The *Nexus* excerpted Gaylord's talk:

Our farm loan activity continues to decline and, according to our latest analysis, loans which are predicated on farms and farm operations amount to \$1,100,000. This is a decline of approximately one half million in the last five years.

I'm sure you will be interested in knowing a little more about our lending policy in the resort areas. By far the highest percentage of our loans is based on single family units, with loans of not over 65

percent of appraised value and in most cases the loans are written not to exceed 15 years on an amortized basis.

Our demand is such that we've been able to get six percent on all of these new loans, and, even with poor snow conditions which prevailed last winter, the interest was paid on every loan. There are no overdue taxes on any loan in Fayston, Warren, Waitsfield or Stowe. In the case of the individual mortgage, all principal

payments have been made. It was, of course, necessary to waive a portion of principal payments in some of the commercial enterprises.

We feel that this has been a good test of how well these loans will stand up as in most every instance people who have built resort homes are businessmen from the metropolitan centers who have very substantial income. The impact on the economy in these resort areas can be better appreciated when we realize that this is building the grand list without imposing much additional burden on the educational facilities.



In September 1967, NSB celebrated its 100th anniversary with an open house and parade featuring vintage cars.

This new direction was considered a daring innovation by the editors of *Savings Bank Journal*. The publication highlighted NSB in April 1966 and quoted Gaylord: "With farms going out of operation, we had to appeal to city people. We had to make ourselves available to summer people who were buying abandoned farms, and spending money on revamping and improving these properties. In serving them, we hoped they would bring their friends." He also noted the Bank had taken part in a \$100,000 "participation loan" to develop the Sugarbush Inn.

1967 was an especially significant year for the Northfield Savings Bank. In July of that year, the Bank put its savings accounts "on a computer system." Connected via phone line to Bankers Data Processing, Inc. of Boston, NSB was the first bank in Vermont to use the system which could "locate any account among the millions of accounts in one-fiftieth of a second." President Gaylord promised mortgage and loan accounts would soon also receive "the benefit of electronic speed."

A Changing of the Guard

Shortly after this “modern on-line computer equipment” was installed, the Bank celebrated its 100th anniversary with a parade on September 23. A pamphlet printed for the occasion noted the connection between Norwich University and Northfield Savings Bank: “Norwich, with its fourteen students, has now expanded to a student body of nearly twelve hundred, while the Bank has grown from zero to nearly twenty million dollars.”

In 1969, the Bank began to rethink its policy of encouraging loans for second homes. At the annual meeting in July, it was reported that “an effort is being made to finance as much year-round housing as possible and that the Vermont Home Mortgage Credit Agency guarantee is being used along with the FHA and VA guarantees to make low down payment loans. Loans for second homes and recreational purposes are made only after the first home demands are met.” Interestingly, the annual meeting that year was held at the Sugarbush Inn in Warren.



The Barre branch, as the building looked when built in 1904. Pictured are Angelo Scampini and his dog.

In 1972, at the age of 72, Dick Gaylord stepped down as president of the Bank and assumed the newly created position of chairman of the board. Francis C. Leonard succeeded him as president. Leonard was no newcomer to the Bank. He had started as treasurer in 1957 and had been a trustee since 1963. Like Les Seaver, he was a veteran of World War II. As a director of the National Association of Mutual Savings Banks, Fran Leonard had already rubbed shoulders with the powerful when, in 1970, he met with top officials of the Nixon administration and with members of Congress to discuss the problems of inflation, housing, urban decay, the future of savings banking and other economic financial issues and developments. Along with 84 other savings bank leaders, Fran engaged in off-the-record conversations with, among others, Treasury Secretary David M. Kennedy and HUD Secretary George Romney.

At the 1972 annual meeting in January, “plans for expansion of the Bank’s headquarters...were presented and discussed.” As it turned out, plans were not only in the offing to enlarge the Northfield office but also to establish NSB’s first branch.

Many of the Bank’s customers lived in Barre and worked in Northfield, or lived in Northfield and worked in Barre. In the days before ATMs and electronic banking, it was sometimes difficult to get to the Bank in the course of the normal workday. As a result, the Bank opened its first branch in Barre, despite some resistance from the Peoples National Bank of Barre President Francis Black, who contended that Barre already had enough banks. But Peoples had plans to merge with Vermont Bank and Trust Co. of Brattleboro, and Fran Leonard was quick to tell the Barre-Montpelier *Times Argus* that if the merger of the Peoples and Vermont Bank was approved, the money deposited in Peoples Bank “will go elsewhere—down south or into Burlington.



Work begins on expansion of the main NSB office in 1973.

Money deposited in the Northfield Savings branch in Barre, if approved, will stay in the area with money used locally.”

Ultimately, the Barre branch opened at 289 North Main Street on November 20, 1972. The Bank’s location was the Scampini Block, built in 1904 by Italian immigrant Angelo Scampini. From its earliest years, an upper floor of the block had housed the local offices of the Granite Cutters’ International Association; these offices were still there when the NSB branch moved into the first floor, proving that labor unions and capitalists can co-exist peacefully within the same walls.

In fact, NSB at first shared the first floor with Vic Masi’s pizza and sub shop and Renato Ferrari’s barbershop. The location proved auspicious. By the time of the 1973 annual meeting, deposits in the Barre branch had already reached \$1 million.

**Now the
Northfield Savings Bank
is also the
Northfield Checking Bank**



Many years ago we provided checking suggestions for our customers. And now, largely at your request, we offer that family service again.

These are personal, individual Checking Accounts, with two basic plans: Regular Checking, with a colorful variety of checks and checkbooks, and non-maintenance charge if you keep a minimum balance. And Thrifty Checking, that requires no minimum balance.

MEMBER F.D.I.C.

Your Family Financial Center

NORTHFIELD SAVINGS BANK
MORE THAN A CENTURY OF GROWING INTEREST IN VERMONT

Add one Checking Account to one Savings Account and you get anti-stop banking. And, if you request it, the interest that accrues in your Savings Account can be transferred to your Checking Account — automatically every quarter.

So stop walking from one bank to another for two different account services. Open a stop-serve Checking Account at our Northfield or Barre office.

Ad promoting checking accounts in the *Northfield News*, August 21, 1975.

The home office in Northfield experienced yet another expansion in 1973. A one-story addition was built just to the south of the existing structure, and the interior was altered substantially. At the beginning of that year, the Bank advertised “walk-up windows,” open until 5:00 p.m. from Monday through Thursday, and until 6:00 p.m. on Friday.

The mid-1970s were an era of economic uncertainty, dominated by what came to be known as “stagflation,” a combination of slow growth and high inflation. During this period, the Bank began offering its Goal-A-Matic Payroll Savings Plan:

... The aim is to help people keep pace with today's fast changing world and help them fight inflation and build financial security. Goal-A-Matic Savings will be available to all interested individuals and will offer all who join, account privileges such as speedy check cashing, travelers checks at a reduced fee, Christmas Clubs, preferred loan consideration and preferred interest rates, and financial counseling service. Goal-A-Matic deposits will earn dividends at the same high rate as a passbook account; the latest dividend being 5¼ per cent...

Soon after, on March 17, 1975, the Bank began offering checking accounts to its customers. The introduction of NOW accounts, or interest-generating checking accounts, by savings banks was vigorously opposed by commercial banks, who feared the competition. In 1973, only Massachusetts and New Hampshire allowed such accounts. The following year, NSB petitioned the State Commissioner of Banking and Insurance to allow the State’s mutual savings banks to issue demand deposit accounts, and a favorable ruling was obtained.

The First National Bank (a merger of Northfield National Bank and the First National Bank of Springfield) opened Northfield’s first drive-thru bank window on September 2, 1975. A few days later, NSB opened its first drive-thru banking services at its Waterbury branch.

The Waterbury branch was just a year old in 1975. When it opened, an ad in the local paper stressed the Bank’s deep ties to the local community: “Everett, Doug and Mary Ellen invite you to a Northfield Savings Bank Open House Party in Waterbury.”

The finer print identified “Everett Bell, our manager, and our tellers, Mary Ellen Hutchins and Doug Izzo.” Longtime NSB employee Everett Bell, known to all as “Duke,” had started with the Bank as a teller and loan officer and would become manager and loan officer of the Barre branch. (As of 2007, Duke is still with the Bank, serving as security officer in the home office.)

**Everett, Doug and
Mary Ellen invite
you to a
Northfield Savings Bank
Open House Party
in Waterbury.**

ENTER THE EXCITING DRAWING
You could win your choice of

- ★ A 10-Speed Bicycle ★
- or
- ★ A \$100 Savings Account ★

This Saturday, September 20, from 10 to 2

Come see our New Office at 2 Main Street, Waterbury West. Everett Bell, our Manager, and our Tellers, Mary Ellen Hutchins and Doug Izzo.

They'll show you around and tell you all about our Family Financial Services. Such as Savings Accounts and our Brand New Checking Accounts.

We have a Drive-In Window with Convenient

Drive-In Hours, Safe Deposit Boxes, and a Large Meeting Room that's just for Your Use. Any group or organization in the community is welcome to hold meetings here.

This Saturday, September 20, The Northfield Savings Bank in Waterbury (Next to the Firehouse) Open to serve the Mad River, Waterbury and Stone Valley Areas.

NORTHFIELD SAVINGS BANK
MORE THAN A CENTURY OF GROWING INTEREST IN VERMONT

Your Family Financial Center
MEMBER F.D.I.C.

Ad highlighting the Bank's new Waterbury branch in 1974.

Before Pigs Flew

The Bank's advertising from the 1950s and later often reflects the times in which it was created. The Bank's ads also reflect a sharp sense of humor and a distinct sense of place, characteristics that continue in today's NSB promotional materials. Over the years, some of these efforts have been more successful than others, but rarely have they been boring.

In 1954, some local eighth-grade students visited the Bank. Over the course of eleven weeks, a series of essays by some of these pupils provided advertising copy for the Bank. The first essay was by Arthur Maxham of the South Village School and was an account of the visit he and four classmates made to the Bank in November 1954. The account included this conversation with Mr. Seaver:



Ad in the *Northfield News*, October 7, 1954. The Bank kept young people aware of its existence through savings programs implemented at local schools. This ad demonstrates the importance of the customer of the future.

Mr. Seaver greeted them and then he started to show them around the Bank. First he showed them the machine that records deposits on cards.

Second Mr. Seaver showed them the machine that adds, subtracts, divides, and multiplies. The boys were dumber than first graders when he asked questions about arithmetic. It did arithmetic faster than they ever dreamed of.

The text of a 1957 ad seems to have been written by the green-thumbed Dick Gaylord: "In Gardening, you eat what you can and what you can't—you can. In Budgeting, save regularly if you can and if you try—you can."

Starting in 1958, the Bank started a campaign that, at least in retrospect, seems a bit self-serving: "Be Thrifty: Ten Million by 1960." The goal of \$10 million in deposits was reached late in 1959.



Anthony Giroux is pictured in 1959, making a deposit which brings NSB's total deposits to over \$10 million.

One rather ghoulish ad, this one from 1960, was apparently aimed at those who kept their money under the mattress. In it, an individual was shown lighting a match to the feet of a person who had been tied down, the text declaring: "YOU'LL TALK! Nothing is more dangerous to hide about your home than cash. Eventually it will attract criminals, with possible violence to yourself as well as your family. Today, there is no better place to keep your money than in a bank. Modern safeguards protect it, insure it and keep it available the moment you need it...every cent. Stop in."

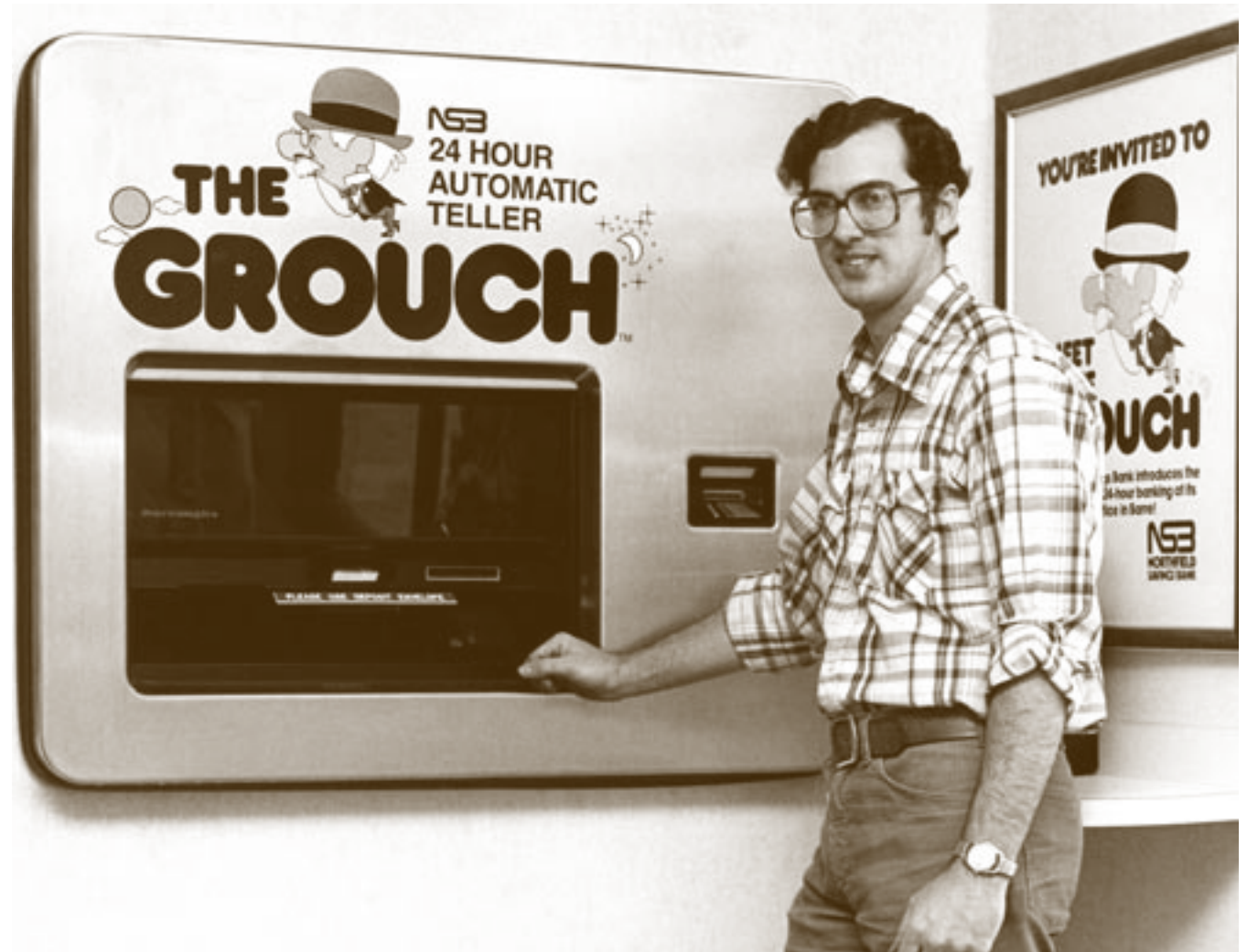
Ad in the *Northfield News*, November 12, 1970. Like most other banks, NSB had a Christmas Club for many years.

Some of the ads of this era were downright weird. None more so than this one: “Get the Savings HABIT. Omit the H and you have ABIT. Omit the HA and you have BIT. Omit the HAB and you have IT. SAVE WITH US.”

We suspect at least a few people were pleased in the mid-1970s when the Bank began using an advertising agency to help promote the institution.

In 1978, the Bank introduced its “Savings PLUS” program, advertised as “the plan that helps you save money even when you have to spend it.” Sixteen Washington County retailers participated in the program, allowing NSB customers “to save on clothing, appliances, eye glasses, meals at restaurants, and dozens of other items.” To receive cash discounts, customers were required to present their validated passbook cover when making a purchase.

As heavily promoted as Savings PLUS was, it paled in long-term significance to what came next. In August 1978, ads began appearing in local media, featuring a mysterious character known as “The Grouch.” On September 7, 1978, the mystery was revealed. As part of a major expansion and renovation of the Barre office, the Bank had installed an automatic teller machine, the first in central Vermont. Pictured in the ads (and on the ATM) was a dapper, early-20th-century-banker: the Grouch. As the ads explained: “You’d be a grouch, too, if you had to work 24 hours, seven days a week.”



Central Vermont's first Automatic Teller Machine, NSB's "The Grouch," as it looked at its debut in 1978.

The *Times Argus* ran two photos the day after the opening. The first showed bank employee Nelita Pecora, dressed as the Grouch and holding up a Grouch ATM card. The second photo depicted the “guts” of the machine, with a caption that read: “If your insides looked like this you’d be grouchy too....”

The Grouch remained a sort of NSB mascot for at least the next ten years. Duke Bell recalls that although the technicians who installed the Grouch trained him on how to maintain it, “the thing was always down.”

Changes in Leadership and Technology

While still Chairman of the Board, Dick Gaylord died in May 1977, having been with the Bank 55 years. Later that year, Fran Leonard stepped down as president and became chairman of the board, and Les Seaver was named president, having served as executive vice president since 1972.

Under Les' leadership, the branch expansion started by Fran continued. Branches were opened in Randolph in November 1978, Montpelier in May 1980, and a second Barre office in 1986 at what is known as the "Wall Street Complex."

When Les retired in late 1987, he was succeeded by G. William Ellis. The Bank's expansion continued, although at a somewhat slower pace, at least in terms of new branches. In the late 1980s, steps were taken to establish a "central operations center" in a new industrial park on the Airport Road in Berlin. Although the plan was never realized, the effort resulted from the increasing complexity of the computer system that the Bank was obliged to support. Initially, of course, there was no mainframe; there was simply a connection with Bankers Data Processing. Around 1980, the Bank acquired its own mainframe. In the early 1990s, the main computer system was moved to the North Main Street office in Barre, where it remains today.

In 1977, Congress passed the Community Reinvestment Act, "intended to encourage depository institutions to help meet the credit needs of the communities in which they operate, including low and moderate income neighborhoods, consistent with safe and sound banking operations." The tendency of some financial institutions to "red-line" portions of their community, i.e., refuse to do business with residents of certain neighborhoods, was made illegal. As an NSB newsletter in 1992 noted, however,

...Northfield Savings Bank is fortunate in having a community orientation that fits right in with the spirit of CRA. We write loans on used cars that other banks wouldn't consider. We lend money for mobile homes—another no-no at many banks. NSB bank officers, Corporators and Trustees participate in a variety of local business organizations and social groups where they keep a finger on the financial pulse of the community and pick up on what kinds of credit borrowers need...

The Bank had—and continues to have—an admirable record of financing low-income housing for many years, including the rehabilitation of properties in all of the communities it serves. NSB has worked closely with numerous housing advisory groups including the Vermont State Housing Authority, Vermont Housing Finance Agency and the Central Vermont Community Land Trust.

In the fall of 1991, the Bank's Customer Service Unit was established. Previously, a sole switchboard took care of the Bank's many calls. Julie Bennett was the Unit's first manager.



A recent photograph of past NSB Presidents (from left to right) Les Seaver, Fran Leonard, Bill Ellis and current President Tom Pelletier.

The Bank's Evolution Continues

New ATMs were installed in all of the Bank's branches in 1994. Bill Ellis declared, "electronic banking has arrived at NSB, and we expect our new state-of-the-art system to open up a whole new customer base." (The "electronic" in Bill's comment presumably referred to the ATM network; what would come to be known as E-banking was still a few years away.)

In 1993, Duke Bell was asked to talk about Direct Deposit:

*Electronic banking is taking off...
Electronic payments have increased twofold
in the last year at Northfield Savings
Bank. The growth of ATM banking has a
lot to do with it. People have gotten used
to the convenience of popping cash out of a
machine and doing a variety of transactions
without going to the bank. With direct
deposit of your paycheck, you carry the
convenience one step further. You don't have
to go anywhere near the bank to get your
money in or out.... Northfield Savings
Bank credits social security checks on the
third of the month, guaranteed, even on
those occasions when the government is late
getting out checks. We know the money's
coming...so we credit it...*

In 1994, the popular NSB program known as the Passport Club was formed. Available to those 50 and older with a banking relationship, the Club's benefits have included social events and trips, discounts from local merchants, and educational activities. It is best known for the travel opportunities it provides.

After a period of nearly ten years with no new branches, the Bank opened a branch office and drive-thru on Route 107 in Royalton in 1996. A grand opening was hosted by local celebrity (and future Senatorial candidate) Fred Tuttle. Also in 1996, the NSB PhoneBank was created, "to provide customers with around-the-clock access to their accounts and other banking information." A year and a half later, in May of 1998, another branch was opened in the village of Waitsfield.

On July 1, 1998, Bill Ellis "passed the torch" of the NSB presidency to Thomas N. Pelletier, formerly the executive vice president and chief operating officer of Atlantic Bank in Portland, Maine. Pelletier became the Bank's thirteenth president in its 131-year history.



The Northfield office gets some major remodeling during 1996. Shown here is a view from the side parking lot.

The banking landscape at the end of the 20th century was substantially different than that of 50 years earlier. Savings banks, national banks, and trust companies had, for decades, offered distinct services. But by the end of the century, federal and state laws had been rewritten to allow most banks and financial institutions to offer similar and competing services. The arrival of credit unions and other lending firms also changed the banking landscape. Credit unions, formerly distinct from banks, eventually began taking advantage of laws that allowed them to act more like banks.

The effect of these changes on Northfield Savings Bank can be seen in both large and small ways. For much of its history, the majority of NSB's lending had been focused on personal loans and mortgages, but as banking laws changed, the Bank entered the commercial loan market.

During the 1980s and 1990s, new state and federal laws paved the way for interstate banking. Vermont's Banking Commissioner, Elizabeth R. Costle, noted in her 1994 annual report: "After September 29, 1995, bank holding companies will be able to acquire banks and bank holding companies in any state without regard to state law. Applicants will only need the approval of the Federal Reserve Board."

As a mutual savings bank, NSB is owned by its depositors. Unlike a bank controlled by stockholders, it cannot be taken over by another financial institution. However, in order to remain competitive in an era of mergers and interstate banking, the Bank chose to explore the formation of a mutual holding company.

In 1999, the Gramm-Leach-Bliley Financial Services Modernization Act was signed into law, allowing commercial and investment banks to consolidate and expanding the range of financial products and services bank holding companies could provide their customers. With the passage of the Act, the Bank's board of trustees determined it was appropriate to proceed with the formation of a mutual holding company in order to ensure operating flexibility. Under such an arrangement, the parent company would remain a mutual organization but would gain the ability to create and own stock subsidiaries.

In the case of Northfield Savings Bank, Northfield Mutual Holding Company became the parent company—the mutual holding company—on February 9, 2001. Northfield Bancorp, Inc. was created as the subsidiary stock holding company which, in turn, owns 100 percent of Northfield Savings Bank, now a stock savings bank.

As part of this new structure, the board of trustees of Northfield Savings Bank serves as the board of directors of both Northfield Mutual Holding Company and the Northfield Bancorp. The mutual holding company also has the ability to "acquire other institutions and related businesses," although, as of this date, it has not done so.

The Bank's use of technology to deliver products and services has continued to evolve. In the late 1990s, the Bank joined with a number of partners—among them LyndonBank, National Bank of Middlebury, Wells River Savings Bank, and the Association of Vermont Credit Unions—to form the Falcon Network, enabling NSB customers to access Falcon ATMs throughout the State. By 2001, the Bank had introduced eNSB, the Bank's E-banking system and completed a conversion to all new computer software.



This NSB office located on Williston Road in South Burlington is the fifth branch built during expansion into Chittenden County.



The NSB Fun Machine Cash Cube in action at a branch opening.

With the reorganization accomplished, a new ATM network created, and E-banking up and running, NSB began a new wave of expansion, this time into Chittenden County. The expansion into Vermont's most populous county began in 2002 with the opening of a mortgage office at 25 Bishop Avenue in Williston. By the end of the year, Tom Pelletier reported applications from this one office were accounting for 25 percent of the Bank's mortgage volume. A full service branch at 72 Pearl Street in Essex Junction opened in September 2003, followed shortly by one at 1120 Shelburne Road in South Burlington.

The Bank then opened a branch at Taft Corners in Williston in May of 2004, and a year later launched a branch at 160 College Street in downtown Burlington. The following year, in August of 2006, a branch was opened at 1143 Williston Road, South Burlington. Deposits at the five Chittenden County branches totaled \$121 million at the end of 2006.

Each of these Chittenden County branch openings has been preceded by a groundbreaking ceremony and followed by a grand opening. In addition to these events, the Bank thanks its customers by holding periodic "customer appreciation" days at all branches. These special events are particularly popular thanks to the presence of the NSB Fun Machine Cash Cube. Customers are invited to enter the machine, about the size of a phone booth. Inside, a fan blows currency in all directions. The customer keeps the bills he or she is able to grab and stuff into a slot in the front of the Fun Machine Cash Cube. The Bank matches the total number of captured bills and donates the proceeds to a local charity.



John Nicholls, Governor Jim Douglas and Tom Pelletier break ground at the site of the first Chittenden County branch located in Essex Junction.

A 140-Year Commitment to Community: 110% Banking

The NSB Fun Machine Cash Cube is popular for obvious reasons. But it is the Bank's Flying Pig mascot—and the commitment to Vermont communities it represents—that evokes the true spirit of Northfield Savings Bank.



Since its inception in 1867, Northfield Savings Bank has been committed to meeting the needs of its local communities and to supporting economic growth and vitality in its service area. Over the years, the Bank has contributed to hundreds of Vermont organizations and in the last ten years alone has given more than \$3 million to Vermont charities. The Bank's philanthropy goes beyond direct financial benefits. On an annual basis, NSB employees commit in excess of 5,000 hours of business and personal time to a great many community organizations.

In 2002, the Bank's board of trustees formalized a long-standing practice by adopting "a resolution committing 10% of the Bank's annual profits to community organizations."

An incredulous customer was heard to say that a bank would be likely to adopt such a policy "when pigs fly."

And so the comic Flying Pig was born, to illustrate this homegrown Bank's serious commitment to its customers and the communities in which they live. As the Bank's newest slogan makes clear, NSB offers: "110% Banking. 100% of the bank you need + 10% of profits to the community." It is a reflection of a long and proud history, one firmly rooted in Northfield and deeply committed to ensuring a bright and promising future for the customers and communities it serves.

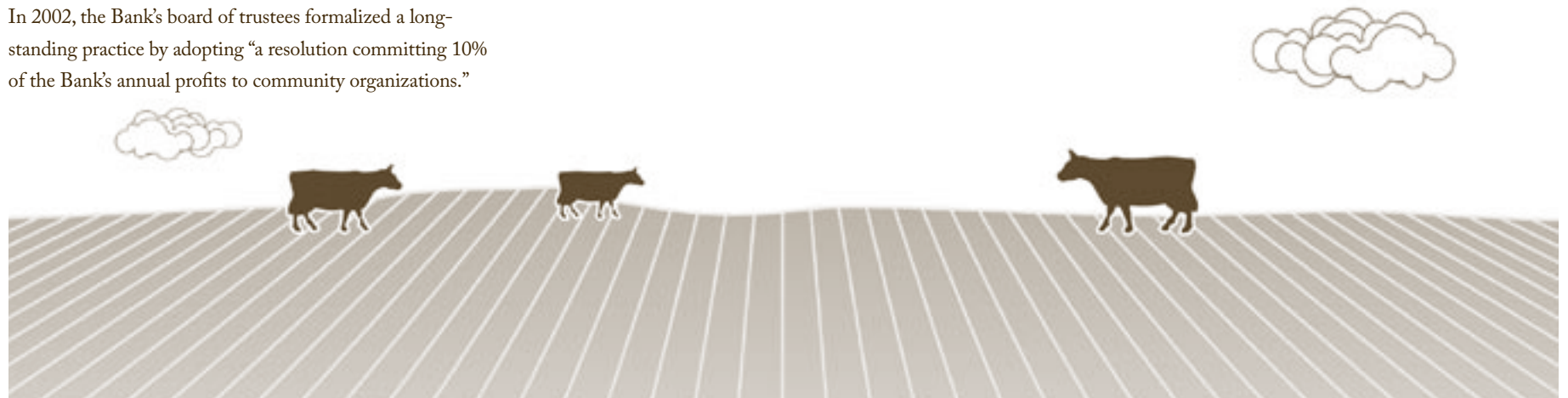
110% BANKING

The Rev. Bourns and his fellow incorporators would be proud of today's Northfield Savings Bank. The Bank has grown to 13 full service branches and now serves in excess of 33,000 customers. Total assets at year end 2006 were \$564 million, while loans and deposits were \$407 million and \$468 million, respectively.

As Tom Pelletier wrote in the Bank's 2006 annual report:

For 140 years, depositor-owned Northfield Savings Bank has provided contemporary and competitive banking products, along with excellent service to individuals and businesses. In 2006, the Bank continued its long-standing commitment to its customers, applying best practices, maintaining a strong financial condition and supporting the communities we serve.

As always, we recognize long-term success depends on the loyalty of our retail and commercial customers, a loyalty we must continually earn by meeting—and hopefully surpassing—their product, pricing, and service expectations. To this end, we will continue to offer competitively priced contemporary products through well-trained bankers and local decision makers, all committed to outstanding service. 🐷



Northfield Savings Bank Presidents		Directors/Trustees of Northfield Mutual Holding Company, and Northfield Savings Bank	Corporators of the Northfield Mutual Holding Company*		
Edward J. Bourns	1867-1869	Brian C. Harwood, Chairman	James Abrams	David Hauke	Eva Morse
George M. Fisk	1869-1881	Raymond F. Duff	Robert Ackland	Charles Haynes	John Nicholls
George H. Crane	1881-1891	Samuel C. FitzPatrick	Jon Anderson	Timothy Heney	Robin Nicholson
Andrew E. Denny	1891-1898	Anne L. Gould	Meredith Augustoni	James Hermanowski	Jeffrey Nick
Orvis D. Edgerton	1899-1901	Charles E. Haynes	Ernest Bancroft, Jr.	Stephen Hill	W. Daniel Noyes
Andrew E. Denny	1901-1912	Leo C. Laferriere	Frederick Bashara	Robert Holden	Deborah Phillips
Frank Plumley	1912-1924	John F. Nicholls	Roland Bellavance	Allison Hooper	Nancy Pope
Heber C. Cady	1925-1943	Robin C. Nicholson	Kathy Blackburn	Mary Hooper	Sherry Prehoda
Richard H. Gaylord	1943-1972	Nancy F. Pope	Joseph Bordas	Jonathan Jamieson	C. Paul Reed
Francis C. Leonard	1972-1977	Charles W. Welch	Paul Bruhn	F. Brian Joslin	Stephen Reid
Leslie G. Seaver	1977-1987	Lauren D. Wobby	J. Timothy Burke	Troy Kingsbury	Susan Roy
G. William Ellis	1987-1998		Brian Button	Karen Korrow	Leslie Sanborn
Thomas N. Pelletier	1998-		Lilli Cain	Leo Laferriere	Liz Schlegel
			Paul Carbonneau	Randal LaGue	Philip Scott
			Donald Carpenter	Michael Lajeunesse	Steven Shea
			Edward Corrigan	Wayne Lamberton	Heather Shouldice
			Richard Darby	Jeffrey Larkin	B. Thomas Sweet
			Carol Davis	Sandra Levesque	Daniel Van Der Vliet
			Michael Diender	Betty Lord	Dorothy Walka
			Jill Donahue	John Lyon	Nancy Wasserman
			Robert Dostis	James MacIntyre III	Charles Welch
			Raymond Duff	Steven Mackenzie	David Whaley
			Ted Elzey	Lawrence Mandell	James Wick
			Samuel FitzPatrick	Charles Mason	Lauren Wobby
			Anne Gould	Mary Alice McKenzie	Peter Young, Jr.
			George Gray	Mary Miller	Karen Zecchinelli
			Brian Harwood	Marion Milne	Nancy Zorn

* As of August 2007

Officers of Northfield Savings Bank*

Ian T. Arnold	Mortgage Originator	Debra L. Kerin	Montpelier Manager
Lori H. Belding	CRA/E-Banking Manager	Kathleen LaCross	Regional Branch Administrator
Everett C. Bell.	Security/Facilities Manager	Cheryl A. LaFrance	Senior Vice President Retail Banking
Bruce A. Bernier	Commercial Lender	Elizabeth A. LaPerle	Barre Manager
Donna M. Bohonnon	Bethel Manager	Mary Ellen LaPerle	Mortgage Originator
Eileen W. Bradley	Waitsfield Manager	Delora J. Livingston	Randolph Manager
Kimberly S. Chapin	Human Resources Manager	Christine E. Martin	Regional Branch Administrator
Linda J. Chugkowski	Mortgage Originator	Stephen P. Mucha	Credit Administration Manager
Megan L. Cicio	Commercial Lender	Richard B. Nelson	Technology/Information Systems Manager
Keith A. Clark	Commercial Lender	Stephen J. Page	Marketing Specialist
Tracy L. Davis	Burlington Manager	Thomas N. Pelletier	President, Chief Executive Officer
Tina S. de la Torre	Marketing Director	Cory B. Richardson	Senior Vice President Business Banking
Carolyn M. Demasi	Compliance/Bank Secrecy Officer	Mary G. Robertson	Passport Club Manager
Sherry L. Doane	Senior Branch/Operations Administrator	Timothy M. Ross	Senior Vice President & Treasurer
Catherine H. Donnis	Commercial Lender	Carol A. Seaver	Corporate Secretary
Joel E. Dube	Commercial Lender	Edward T. Sulva	Controller/Assistant Treasurer
Joseph C. Feltz	Essex Manager	Melissa A. Smith	Assistant Compliance Officer
Alfred J. Flory	Commercial Services Team Leader	Gail A. Theodoseau	Shelburne Road Manager
Donna M. Gerdes	Collection/OREO Manager	Polly P. Thomas	Deposit/Loan Operations Manager
Peter W. Goodell	Senior Retail Lending Manager	Gordon W. White	Executive Vice President
Julie H. Goodrich	Retail Lending Manager	Debra L. Williams	Retail Training Manager
Suzanne Grenier	Williston Road Manager/ Business Development		
Wendy C. Kellett	Waterbury Manager		

* As of August 2007

Northfield Mutual Holding Company and Subsidiary

As of December 21, 2006

(Dollars in Thousands)

Assets

Cash and cash equivalent	\$ 10,974
Investment securities (available-for-sale)	113,316
Loans, net	400,485
Federal Home Loan Bank stock	1,875
Bank premises and equipment, net	10,814
Other real estate owned	-
Accrued interest receivable	2,229
Cash surrender value of bank-owned life insurance	14,310
Other assets	9,970
Total Assets	\$ 563,973

Liabilities and Capital Accounts

Liabilities:

Deposits	\$ 468,229
Federal Home Loan Bank borrowings	14,507
Customer repurchase agreements	12,178
Other liabilities	4,712
Total Liabilities	499,626

Capital accounts:

Undivided profits	65,200
Accumulated other comprehensive loss	(853)
Total Capital Accounts	64,347
Total Liabilities and Capital Accounts	\$ 563,973

