

Preserve and Prosper

2020 ANNUAL REPORT



**WESTFIELD
BANK**

A Hopeful Horizon



Jon Park (L.) & Mike Toth

In the past year, we saw much of the world as we knew it change. Faced with new challenges, many previously unknown, we were resilient, evolving and adapting along the way to best meet our customers' needs. However, this transformation went far beyond changing the way we conducted daily business.

We found new ways to serve our customers, building and strengthening relationships with our neighbors, friends, and business partners. Calls that, in other times, were typically intended to discuss business or financial matters became care calls to check in on our customers, being a familiar and friendly voice for many who needed it.

Even more importantly, when our customers, communities, and region's businesses needed assistance, we took action. Advocating for those who live and work in our communities, we helped shape legislative and regulatory actions related to the coronavirus (COVID-19) pandemic, including loan payment deferrals, loan loss reserves, and access to the SBA Paycheck Protection Program (PPP).

Once PPP application submissions opened to small businesses, our business bankers, working remotely, completed 1,184 applications (worth \$227.5 million in PPP loans). We extended these efforts beyond our customers, offering PPP facilitation to all small businesses across Northeast Ohio and support with a forward-thinking plan for a responsible recovery program and business continuity guide.

Throughout the year, we remained committed to sharing knowledge and building trust, reaching our customers in new ways. Beyond providing relevant resources, articles, and insights to empower their financial journey, we launched the Sharing Knowledge Series to bring insights on banking to our customers. The video and podcast series highlights best practices and addresses top business challenges to help our customers grow and prosper.



As a new dawn rises, our eyes are fixed on the horizon.

In the wake of everything that happened last year, we made a new pledge to one another. Embracing one another each day, our commitment to diversity, equity, and inclusion was designed to foster a work environment that eliminates barriers and provides fair treatment, regardless of what you look like, where you come from, or who you love.

Integral to these stories and the past year's successes were the collaborative and collective efforts of our people to build a greater sense of community. These efforts and examples are brought to light by the stories our customers share, some of which are highlighted in the coming pages. They are a reminder to us of our shared commitment to serve as a common thread that connects customers, businesses, and communities.

We remain committed to our founding ideas and hopeful for the future. We are proud of our employees and grateful for the trust that our customers have in Westfield Bank.

JON W. PARK
Westfield Bank, Chairman & CEO



COMMITTED TO OUR CUSTOMERS

Resilience. Flexibility. Caring.

When I reflect on Westfield Bank's past year, there are **three words** to describe it that come to mind:

RESILIENCE

During a year when everything changed and how we operated looked different, our employees remained committed to our customers and our community. We were there for our clients and continued to be over the course of the entire year. This was only made possible by our employees. Their initiative and dedication throughout the year helped navigate a new and changing work environment, while uplifting the businesses and people of our community.



Branches implemented signage, such as the floor decal pictured to the left, providing guidance and safety protocol for our customers.

FLEXIBILITY

We responded quickly and efficiently to an evolving environment, changing the way in which we work to allow our employees to securely work from home. With this, we discovered new ways to serve our customers, adjusting our operations and our banking solutions to better enable our customers to bank whenever and wherever it was most convenient to them.

CARING

We demonstrated our commitment to care, not through our words, but through our actions. Turning to care for one another, we formed a COVID-19 response team committed to ensuring and creating safe environments for our employees to work in and welcome our guests to through our branch network. We also checked in on our customers regularly, provided assistance to our region's businesses, and served within our communities.

MIKE TOTH
Westfield Bank, President



When you work with
Westfield Bank,
you feel like you're their
most important customer.

– *Scott M.* : Westfield Bank business customer

CUSTOMER SATISFACTION SURVEY

72%

Personal Banking Customers

84%

Business Banking Customers

scored Westfield Bank
as an **8 or higher***.

Empowering Change

We are committed to serving our communities with care and financial expertise. Through community involvement and initiatives at local organizations, together we lift and unify.

Westfield Bank demonstrated a continued commitment to community development through the support of sponsorships and events for over 80 organizations.

We are invested in the future of community.

Westfield Bank proudly served as a major sponsor of the reimagined Akron Heart Walk to help cure heart disease and stroke. This year, the event brought together 1 million walkers from across the nation in a safe, virtual environment.

We continued multiple sponsorships throughout 2020, including:

- > The Gathering Place
- > American Heart Association
- > Junior Achievement of Greater Cleveland
- > National MS Society
- > Leukemia & Lymphoma Society Northern Ohio Chapter

**Scale based on range from 0 to 10, with 10 being extremely satisfied*

Our Shared Commitment

supporting our region's businesses

Helping employers provide payroll for approximately 23,000 people in Northeast Ohio.

As the COVID-19 pandemic developed in 2020, many small businesses across the country were impacted negatively, suffering losses that resulted in furloughs, layoffs, and closures.

On March 27, in an effort to alleviate further economic stress, former President Trump signed the CARES Act, enacting PPP loans to provide U.S. businesses financial relief during the COVID-19 pandemic. Then, on April 3 at 1:00 p.m. EST, SBA guidance was substantially complete, allowing small businesses and sole proprietorships to begin their submission for PPP loans.

In anticipation of an influx of requests for PPP, we proactively built a secure, virtual assembly line the week prior. In this way, we were able to accommodate as many customers and small businesses as possible.

Your partner throughout prosperity and uncertainty

The economic effects of COVID-19 hit small businesses particularly hard, forcing many to temporarily shut down or make major changes to business to comply with new regulations. Kimberly Wagler, the owner of *Impulse Training*, found her small business amidst these challenges.

In a time of uncertainty, small business owners were often left in the dark as to how their PPP loan application would be handled, and the accompanying processes and regulations.

"When everything hit, we were shut down. We had all kinds of stuff being thrown at us as business owners. I, alone, had to navigate the conflicting information people were telling me every day," says Wagler.

On April 3, hours before small businesses could apply for PPP loans, news circulated that some of the biggest U.S. banks weren't ready to handle the anticipated flood of applications from potential borrowers. In fact, many banks didn't even expect to start accepting loan applications on April 3 because they weren't prepared. Others also decided to limit the preparation of PPP loan applications by exclusively offering this service to customers with existing accounts at their bank to combat the influx of applicants.

"I was with another bank for 16 years and I couldn't quite get the information that I needed from them. They were slow in response and the information they provided was not accurate," Wagler notes. "When the SBA officially opened applications for PPP loans, I thought it would be a great thing for us to jump on immediately. So, I tried to contact the bank I was with at the time, but didn't have any success."

Looking for guidance and action on a PPP loan application, Wagler turned to a familiar face.



Scan to continue reading.

My relationship with Westfield Bank was unexpected. It makes me comfortable and confident when making business decisions to know that someone, like Westfield Bank, has my back.

– **Kimberly W.**
Westfield Bank customer

Sharing Knowledge

series

Sharing knowledge. Building trust.

Introducing the **Sharing Knowledge Series**, a new video and podcast series that we launched in 2020. The series brings insights on banking from the perspective of business owners, insurance agents, and individuals from all backgrounds with the same passion for the pursuit of financial freedom. Each episode, our host, Kevin Vonderau, is joined by industry experts and partners. Together, they exchange ideas, highlight best practices, and address top business challenges.

Experience the exchange of ideas and industry insight by viewing/listening to the *Sharing Knowledge Series* today.



SHEDDING LIGHT AND PROMOTING GROWTH

- In the past year, Westfield Bank set records for loan origination volume and loan growth
- 2020 was the largest year in our history for an increase in deposits, with more than \$230 million in growth – *excluding PPP related cash*
- With the collective efforts of our Westfield Bank team, an impressive volume of PPP loans originated within 45 days, exceeding the number of commercial loans that typically originate within an entire year
- Westfield Bank offered loan payment deferrals to more than 700 customers in 2020 to provide relief caused by COVID-19 disruptions
- Customers employed the convenience of banking anytime and anywhere, with mobile deposit and payment volumes increasing more than 50% in 2020



APPRECIATION | ACKNOWLEDGMENT | ACHIEVEMENT

A testament to our positive work culture and efforts in attracting, developing, and retaining top talent, we were honored with a **2020 NorthCoast 99 Award** by ERC. The award recognizes the top 99 employers in Northeast Ohio that make a notable difference in the lives of their employees and the economic vitality of their communities.

Additionally, we were awarded a Top Workplaces 2020 award from *The Plain Dealer* and *cleveland.com*. A workplace that embraces creative thinking, the importance of collaboration, and encourages an innovative mindset are signature to our work philosophy. As such, we are proud to be recognized for creating a work environment that supports a positive work-life balance for our valued employees.

For both of these awards, we are grateful to our employees. Not only for their dedication to making Westfield Bank such a special place, but for their recognition, through surveys that were submitted for the awards, of the workplace and culture we strive to create.



5-star rating
from Bauer Financial for
11
consecutive years.



**WESTFIELD BANK IS NOW THE
9TH LARGEST COMMUNITY BANK
IN OHIO OUT OF 171**

Westfield Bank has grown to **\$1.9 billion in assets** and serves **25,000 customers** throughout the NEO regional metro area comprised of Cleveland, Akron, Canton, Medina, and Wooster in addition to providing insurance premium financing, loan and deposit services to independent insurance agencies and RIAs across the U.S.

Financial Overview | Westfield Bancorp

FOR THE YEAR	2020	2019	2018	2017	2016
Gross Revenue	\$ 74,284	\$ 71,549	\$ 64,253	\$ 58,970	\$ 50,467
Operating Income*	16,360	14,349	14,121	12,319	9,003
Net Income (after tax)	16,360	14,349	12,829	12,319	8,692
Return on Average Equity*	8.52%	8.24%	8.88%	8.43%	6.77%
Return on Average Assets*	0.90%	0.92%	0.97%	0.90%	0.73%
Net Interest Margin	3.33%	3.29%	3.47%	3.54%	3.47%
Net Charge-offs to Average Loans	0.03%	0.08%	0.05%	0.02%	0.10%
AT YEAR END					
Total Assets	\$ 1,896,862	\$ 1,541,463	\$ 1,496,419	\$ 1,439,589	\$ 1,293,851
Loans	1,525,598	1,247,636	1,213,720	1,131,086	1,020,779
Investment Securities	198,135	146,364	163,407	197,306	170,606
Deposits	1,556,428	1,216,217	1,110,155	1,014,558	979,560
Shareholder's Equity	200,441	181,934	164,857	153,429	136,731
Equity-to-Assets Ratio*	10.6%	11.8%	11.0%	10.7%	10.6%
Asset Growth Rate*	23.1%	3.0%	4.0%	11.3%	13.2%

dollars in thousands / unaudited

Prepared in accordance with U.S. GAAP.

* Results based on non-U.S. GAAP basis with the primary difference being operating income excludes nonrecurring, one-time, non-operational changes.

Sustained Growth

revenue > in thousands

2020

\$74,284

2019

\$71,549

2018

\$64,253

2017

\$58,970

2016

\$50,467

A New Dawn

In light of the past year, we took action to support our employees and communities in new ways, renewing our commitment to diversity, equity, and inclusion.

Our belief and commitment

Modeling the values and beliefs that lead to a more equitable community is not only the right thing to do, but it is the right thing to do for our business. This commitment to eliminate barriers and provide fair treatment extends across the organization. It applies to all of us regardless of where we come from, what we look like, or who we love. Embracing diversity is a critical element of achieving the Bank's mission and vision. It is an important component of celebrating our long-term success.

We all have a role to play to advance the Bank's efforts to fulfill this commitment. This obligation requires us to share experiences, be empathetic, ask questions, listen intently to the answers, and be open to new perspectives. We need the courage to speak out in a respectful way, and consistently appreciate the contributions each team member brings to Westfield Bank.

Our pledge

We expect our leaders and our employees to pledge their support and fully embrace the Bank's commitment to create an inclusive culture, and further, to consistently model the values and behaviors that promote greater diversity, equity, and inclusion. We expect our leaders to reflect the commitment in business initiatives, and to provide equitable mentoring, coaching, and development in order to drive the recruitment, retention, and advancement of diverse employees.



BOARD OF DIRECTORS

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Gary Clark Retired, Chairman & CEO
Signal Bank

Marilyn Eisele President & CEO
Eisele Consulting, LLC

Nancy Heinen Retired,
Vice President Marketing BR, p.l.c.

Michael Jeans President & CEO
Growth Opportunity Partners

Tony Manna Chairman
Signet, LLC

Jon Park Chairman & CEO
Westfield Bank

Bill Priemer President & CEO
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Chuck Rotuno Executive Chairman
OEConnection

Scott Sinder Partner
Steptoe & Johnson, LLP

Jeff Walters Managing Director
CBIZ MHM, LLC

EXECUTIVE LEADERSHIP TEAM

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Chairman & CEO

Mike Toth
President

Matt Berthold
Chief Operating Officer

Scott Oboy
Chief Financial Officer

Erin Ploucha
Chief Administrative Officer

Kevin Vonderau
Chief Lending Officer

SENIOR LEADERSHIP TEAM

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SVP, Retail Sales Leader

Joe Bilinovich
SVP, Market Leader
Medina & Brecksville

Tim Busby
SVP, Chief Credit Officer

Krista Dobronos
SVP, Market Leader RIA,
Private Banking, & Mortgage

Matt Gabel
SVP, IT Leader

Bob Giacomo
SVP, Market Leader Mortgage

Jim LaRocca
SVP, Controller

Jarrod Long
SVP, Treasury Management Leader

Joe McNeill
SVP, Market Leader
Akron & Cuyahoga Falls

Rob Miller
SVP, Operations Leader

Alfred Perry
SVP, General Counsel & Secretary

Bill Schumacher
SVP, Market Leader
Canton, Wooster, & Mansfield

Tammy Starkey
SVP, Risk Management Officer

Christine Van Ausdale
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Mike Wagar
SVP, Market Leader Agency Banking