

Welcome

Welcome to The Provident – a commercial bank that redefines the customer experience. We take the time to know our clients, their goals and challenges. We believe partnerships, innovation and exceptional service are vital. We find the best ways to bring technology to their fingertips and deliver secure platforms, customized solutions, and measurable results.

In the past six years, under the leadership of CEO Dave Mansfield, The Provident has grown from a small community retail bank, to a full service commercial bank with nearly \$1 billion in assets. We have listened to business owners and carved out specialties in our lending and deposit services. Our Commercial, International, Mergers & Acquisitions, Renewable Energy and Search Fund Lending specialties all came about because our clients asked us to be a business partner- not just a bank.

The Provident team has an unrelenting passion for finding the best financial technology for our commercial clients, while working hand in hand creating efficiencies by improving processes and helping them succeed.

Our foundational core values of Courage, Innovation, Mutuality, Empathy and Soundness guide us to listen carefully to our clients and move swiftly to meet their challenges head-on.

At The Provident, we know who we are. We know who our clients are.

Letter from the CEO

I am pleased to report that 2018 marked another year of strong growth for The Provident. A testament to the effectiveness of the Bank's strategy to provide customized solutions to small and medium businesses, our Commercial and Industrial loans grew 51% in 2018 and our portfolio now represents 43% of our total loans. In fact, at year-end 2018, The Provident ranked #2 in the category of largest Commercial & Industrial loan portfolios of independent banks with less than one billion in assets by American Banker. To put this into perspective in 2017 we were 7th and in 2015 we were 197 (out of 200) for the same ranking. Our significant loan growth, combined with an improved Net Interest Margin of 4.33% and record low Efficiency Ratio of 61.53%, led to our Return on Assets of 1.03%, the highest in the Bank's history.

Technological innovation, along with our customized lending offerings, enabled us to expand our market well beyond our physical footprint in 2018. Our competitive reach is now both national and international. Our Depositors Insurance Fund (DIF) membership (only available to Massachusetts-chartered banks) provides 100% insurance coverage for deposits and is a valuable benefit for customers outside the confines of our chartered state.

OUR GOALS

Last year, I attended Money 20/20, a large fintech conference in Las Vegas. The conference hosted 2,000+ vendors pining for the attention (and business) of over 11,500 attendees. Their goal? To challenge and disrupt the traditional banking model. It's no secret the banking industry is experiencing unprecedented change and increased complexity. So, in response to the fintech challenge, we engaged in strategic initiatives with our core processor, a payment provider and a digital onboarding company to enhance our technology and user experience. The results of these efforts will be evident in 2019 as we roll out additional products and partnerships.

To stay competitive and relevant, a successful bank must continually reassess, recalibrate and improve. In 2018, on the suggestion of an employee, the Provident embarked on a multi-year initiative to implement lean principles and a continuous improvement (Kaizen) culture. Lean behavior teaches that customer delight (yes, delight, not just satisfaction) is the priority, whether the customer is internal or external. It involves taking deep dives into technology, customer and employee experiences, systems and processes, and marketing channels to make improvements - both big and small - each and every day.

Long term, there is an abundance of opportunities to improve the way we do business and to build efficiencies into the way we work. With the Kaizen concept and Lean behavior becoming ingrained in the overall mindset, The Provident Bank is now strongly positioning itself to be the consummate Lean banking leader by embracing and actively pursuing a culture that produces an agile, highly adaptable workforce. As a result, our bank will be a disruptor in its own right and will have the ability to be vigorously competitive in an ever evolving banking landscape.

In addition, utilizing our strength of high-touch, responsive, personalized customer service — as well as our Depositors Insurance Fund (DIF) membership which provides 100% insurance coverage for deposits — we experienced a steady increase in the demand for Private Banking Services from clients with a deposit balance over the Federal Deposit Insurance Corporation insured limit of \$250,000.

OUR AWARDS

It was an honor to make the top 30 of Sandler O'Neill's Sm-All Stars class of 2018. O'Neill's ranking identifies the top performing small-cap banks and thrifts in the country in an effort to uncover the next crop of stellar mid-cap banks before they are discovered by the rest of the world. Making this list after only three years as a partially-traded public company is quite an achievement and is a testament to our strategy and focus on traditional and highly-specialized commercial lending.

OUR DIRECTORS

The Provident is fortunate to have a diverse, engaged and professionally robust Board of Directors. In June, we expanded our Board's banking expertise by welcoming Joe Reilly. Joe was the founder and CEO of Centrix Bank, the first dedicated commercial bank in New Hampshire. Joe brings depth of knowledge to our Board through his experience as a successful bank CEO as well as a deep involvement in many charitable and community-related endeavors. Joe also serves on our Audit and Risk Management Committees. Our Board continues to excel at representing the corporation and its shareholders by providing strategic policy leadership and management oversight. Their involvement and guidance is a significant contributor to the success of our Bank and I am incredibly thankful for their time and expertise.

OUR TEAM

A Kaizen culture requires people who have a strong desire to improve, who can challenge their own success and question the status quo. It also requires an ability to learn, unlearn and relearn. I am incredibly proud of and thankful for our team of employees. Our lean initiative asks a lot of our employees and it is inspiring to witness an entire organization rise to the occasion in support of a common goal – to give our clients an amazing experience.

Our investments in people, products, markets, technology and infrastructure continue to serve us well and I am excited about the opportunities ahead. Finally, I am thankful for your support and ask you to continue to share in our success and recommend The Provident Bank to your friends and business associates so that we may increase the value of Provident Bancorp, Inc.

Sincerely,



David P. Mansfield
President & CEO

Manufacturing

The Provident Bank believes in taking care of small and medium businesses because when a business succeeds, the owners, employees and entire community succeeds.

Our Commercial banking experts will take the extra time to craft customized solutions for business owners, by carefully listening to what they actually need; so they are able to reach their full potential. We have an online business loan application for those who like to start the process in the comfort of their own office. But we also encourage business owners to meet with us so that we can get to know them, their business and their goals. We take the time to help them navigate through the financing process – from beginning to end. Whether their goal is to purchase a business or expand their existing business, The Provident is there to assist every step of the way.

The Provident partners with Federal and State agencies such as the Small Business Development Center, the Small Business Administration, U.S. Export-Import Bank, local economic development centers, and other organizations to provide resources to small and medium sized businesses, so that they can have every advantage.

“For our business, it’s all about the valued relationships and with The Provident we have that. The Provident, from the senior team down, rolled up their sleeves and learned our business. Having a banking partner with that knowledge and willingness to support our business is so important to our growth and future success.”

Aaron Bagshaw
President & Owner
W. H. Bagshaw Co.

Adria Bagshaw
Vice President
W. H. Bagshaw Co.





Payroll Processing

Payroll companies manage thousands of direct deposits, coordinate tax payments and more. Those payroll processors are held to the highest of standards by their customers who trust them to handle all of the details. Payroll companies need a bank they can rely on to process the payroll easily, conveniently and cost effectively.

Through The Provident's Payroll Processing service, payroll companies receive all those benefits and the same high level service all clients have come to expect from The Provident. Additionally, Payroll companies benefit from The Provident's predictable, customized pricing model which is a flat rate based on number of customers, not the typical transaction model used by most banks.

Our innovative Payroll Processing system utilizes The Provident's unique Online Banking system to capture a payroll company's payroll files and distribute those files through the secure ACH network. We also offer faster processing times, which provides payroll processing companies greater flexibility with their file submission deadlines. In addition, by providing all of our clients with a dedicated bank representative, they have the best customer service at their fingertips.

All payroll deposits are fully insured through our membership with the Federal Deposit Insurance Corporation (FDIC) and the Depositors Insurance Fund (DIF). That means our payroll clients can confidently conduct all of their banking and payroll processing with The Provident – saving the time, expense, and simply making their businesses more efficient.

“Prior to discovering The Provident, we were using different banks for different services. The Provident made it easy to switch. Now we use one bank to handle everything! The result is a simplified payroll process and greater efficiency for my business. We even have a dedicated account manager to answer our questions. Because of the customized pricing, we save money and our deposits are insured 100%. The Provident has gone above and beyond to help my business. I am a very happy customer.”

Eric Fournier
President
1st Payroll, Inc.

TheProvidentBank.com

1-877-487-2977

OurProvident

Commercial & Industrial Lending

The Provident has a long history of financing manufacturing companies of all sizes. We appreciate their work and understand their challenges.

We believe that manufacturing companies deserve a financial partner who understands the unique life cycle of capital investments and how those investments will sustain operations for the long term. Equipment, machinery, plant space, all play a critical role in the success of a manufacturing business.

We also understand the importance of working capital lines of credit to fund new projects, or expansions in production or into new markets. Those funds help keep them running while they are building their business. Working capital can also help fill in the gaps between projects or payment cycles.

We understand that these elements are critical to their business. We want to be their business partner so that they can continue operations for generations to come.

At The Provident, we have seasoned commercial lenders with decades of experience to help them every step of the way. Whether they need a capital investment loan to expand operations, or a working capital line of credit to carry them through their growth cycle, we will be there to help them succeed.

“Being an employee owned company without real assets created challenges in 2009 when we were trying to secure the capital needed to grow our business. The Provident Bank was the one and only bank that came to us with a fresh attitude focused on what we need to do to make this work. From the President down, they became a true financial partner - believing in us, taking the time to learn our business, and offering creative solutions to get deals done. Because of their continued support and unique approach to financing, we have experienced substantial growth and are now moving to a larger new facility. They have our entire banking relationship and it is such a pleasure to deal with the entire Provident team.”

Mark Hodsdon
President
Palmer & Sicard, Inc.

TheProvidentBank.com
1-877-487-2977





UNITED STATES PATENT
Granted to
Roush Life Sciences, LLC
The United States of America

UNITED STATES PATENT
Granted to
Roush Life Sciences, LLC
The United States of America

UNITED STATES PATENT
Granted to
Roush Life Sciences, LLC
The United States of America

UNITED STATES PATENT
Granted to
Roush Life Sciences, LLC
The United States of America

MYRATATE ENVIRONMENTAL

International

“Finding a commercial bank with specialized lending programs and experienced lenders allowed us to finance our international business export line of credit through The Provident Bank with a guarantee from EXIM. With all of our growth at Foxx Life Sciences, The Provident listened to our needs and found the right solution to finance our rapid business growth. I am very grateful for the support, the lending expertise, the great service, and the professionalism at The Provident.”

Thomas Taylor
President and CEO
Foxx Life Sciences

As a commercial bank, The Provident is committed to serving the needs of its business clients. By banking with The Provident they will find a partner with comprehensive solutions, global capabilities, industry expertise, and the personalized attention they need to reach their business goals.

The business environment can be complex, but our team of commercial lenders are experts in their field and take an innovative approach to finding solutions customized to fit the needs of our clients. We leverage our in-depth knowledge of current trends, take the time to understand their specific industry, and work with them through the entire process.

With our full suite of services, including asset-based lending, traditional secured loans, and specialty market services, we offer access to working capital to help clients maintain their day-to-day operations and provide the funding they need to pursue their plans for growth.

The Provident also has the unique expertise, capacity and established partnerships to provide loans to businesses exporting to foreign markets. With a team of experts in international trade finance, our own SWIFT code for processing foreign wire transfers, and partnerships with the Export-Import Bank of the United States and the Small Business Administration, we can help them open the door to exponential growth potential in the international marketplace.

We don't shy away from complex transactions. Instead, we look at them as an opportunity to help businesses expand. We'll take the time to understand business goals – and we'll help clients achieve them.

The Provident in the News



January 6, 2018

The Provident Bank steps up as the main sponsor of Amesbury 350th

April 19, 2018

The Provident Bank named to Top 10 List for C&I Growth

April 27, 2018

The Provident to attend Hospitalar Tradeshow



June 4, 2018

Leanne Speers, SVP of International Finance, presented at the NH Aerospace Defense and Export Consortium

June 24, 2018

Veteran banker Joe Reilly takes seat on The Provident Bank's Board of Directors

June 25, 2018

The Provident Bank supports Taste of the Nation



August 12, 2018

The Provident Bank nears \$1B in assets using a Centrix approach to business

October 12, 2018

The Provident Bank sponsors NH Manufacturing Month

November 11, 2018

Provident Bancorp named to Sm-All Stars Class of 2018