



MERRIMACK
COUNTY SAVINGS BANK



2020 Report to our Community



To our Customers, Community and Employees

By any measure, 2020 was an extraordinary year. With the COVID-19 pandemic remaining a page-one news story for the bulk of those 12 months, the needs of our community consistently grew.

As a bank steadfastly committed to community service, Merrimack County Savings Bank did our part in helping residents and local businesses maintain a semblance of “normalcy” in ways that enabled all of us to move forward in a spirit of togetherness—including everything from implementing the Paycheck Protection Program (PPP) to increasing our support of food pantries, homeless shelters and other nonprofits.

That is, after all, the essence of Merrimack Style: treating employees with dignity and respect and nurturing their growth within our organization; treating customers like family and delivering exceptional customer service; and providing enduring leadership as a solid corporate citizen through staff volunteerism and financial support.

Bedrock Values that Sustain Us

The Merrimack holds strongly to seven core values that are reflective of our primary mission to enhance the welfare, well-being and vitality of the community and its members:

- Accountability
- Mutuality
- Excellence
- Respect
- Integrity
- Teamwork
- Stewardship

In short, we are here to serve the community—and these values help sustain and guide us in those efforts.



Supporting Businesses and Residents



Throughout 2020, the Merrimack continued to provide financial support for the ongoing growth and economic health of Central and Southern New Hampshire.

Commercial Lending

On the business side, our commercial lending team closed 660 Small Business Administration (SBA) Paycheck Protection Program (PPP) loans—delivering \$84 million in stimulus payments to companies in need. In addition, we modified payment plans on 174 separate business loans (totaling \$110 million) to accommodate the impact of COVID. We also processed 160 new business loans to borrowers, often partnering with the Small Business Administration (SBA) or using NH Business Finance Authority (BFA) programs.

Mortgage Lending

Our mortgage lending team processed over twice as many home loans in 2020 compared to 2019, reflecting a total of 560 mortgages and \$148 million. Furthermore, under the “Banks” category in NH Registry Review, the Merrimack ranked as follows:*

- #2 in number of loans (Commercial Purchases (Businesses) category)
- #6 in number of loans (Multi-family Unit category)
- #7 in number of loans and dollar volume (Residential Purchases (Homes) category)

In addition, as part of the COVID Loan Deferment Program for home mortgage lenders, the Merrimack provided 85 home loan deferments in 2020.

*All statistics per NH Registry Review, March of 2021

Lending a Helping Hand



The Merrimack has always considered it a tremendous honor to be recognized as a well-established neighbor within Central and Southern New Hampshire. Both as an institution and a family of employees, we are privileged to enjoy the benefits that come with living and working here. That's why we take seriously our responsibility to respond in kind with ongoing support of nonprofits, charities and grassroots organizations.

Support for those in need

An essential part of the Merrimack's core mission is making a difference in people's lives. To that end, the Merrimack helped fund hundreds of nonprofit organizations in 2020 that offer services to children, seniors and the homeless population throughout our community and the surrounding area. This support took the form of grants, donations, sponsorships and tax credit purchases—in addition to thousands of hours volunteered by our staff.

In anticipation of the holiday season, the Merrimack also ramped up our financial support of food pantries in providing food and hot meals to families and individuals—with donations made to eight local organizations.

Grant Funding

Funded by the Merrimack in 1997 for grant-based contributions to nonprofits that enrich and improve the quality of life for residents in our service areas, the Merrimack County Savings Bank Foundation awarded \$59,033 to the following organizations in 2020:

- Boys and Girls Club of Greater Nashua (\$3,500)
- Bridges Domestic and Sexual Violence and Support Services, Nashua (\$2,100)
- Brigid's House of Hope, Concord (\$2,500)
- Concord Hospital (\$2,340)
- Community Bridges, Concord (\$3,500)
- Court Appointed Special Advocates (CASA), Manchester (\$3,000)
- Easterseals NH, Manchester (\$2,000)
- The Friendly Kitchen, Concord (\$3,900)
- Front Door Agency, Nashua (\$3,400)
- Harbor Homes, Nashua (\$2,900)
- NAMI NH, Concord (\$3,000)
- Nashua PAL, Police Athletic League (\$1,300)
- NH Humanities, Concord (\$3,000)
- NHTI Community College, Concord (\$3,000)
- Northeast Organic Farming Association (NOFA) of NH, Concord (\$1,100)
- Penacook Community Center, Penacook (\$4,500)
- Pine Haven Boys Center, Allenstown (\$1,993)
- Pittsfield Youth Workshop (\$2,800)
- See Science Center (SEE), Manchester (\$2,000)
- Special Olympics NH, Manchester (\$1,600)
- Step Up Parents, Portsmouth (\$1,700)
- YMCA of Greater Nashua (\$3,900)

Major Community Donations

In partnership with our sister banks Meredith Village Savings Bank and Savings Bank of Walpole, the Merrimack contributed to the NH Nonprofit Response Fund with a combined tax credit purchase of \$150,000. This contribution represented the first of its kind by banking institutions. Supported by donations from businesses in exchange for tax credits and flexible loan funds from the Community Development Finance Authority and the Business Finance Authority, the NH Nonprofit Response Fund provides nonprofit organizations with resources of up to \$100,000 for working capital, equipment purchases and programming expenses.

Other major contributions included:

- Currier Museum of Art, “Artists in the Community, Revitalizing a Manchester Neighborhood” (\$10,000 tax credits investor)
- Making Matters NH (\$15,000 tax credits investor)
- Capital Regional Development Council (\$10,000 tax credits investor)
- New Hampshire Water Works Association (\$15,000 tax credits investor)
- Concord Coalition to End Homelessness, Safe Spaces II Campaign (\$75,000 donation)
- Nashua Soup Kitchen & Shelter (\$50,000 tax credits investor)

We're Honored to be Recognized



While the Merrimack experienced remarkable financial results in 2020—including year-over-year deposit account growth of \$178 million—quality was not compromised with quantity.

For example, each consecutive year from 2010 through 2020, we were recognized as the Best Bank in the *Concord Monitor* CAPPIES (Capital Area's People's Preference Awards).

Innovations in Action

At the Merrimack, we're consistently taking measures to enhance the ease, convenience and security of banking. Given the effects and ramifications of COVID, these efforts—always implemented with both customers and employees in mind—were greater than ever this past year.

We introduced more advanced and user-friendly online banking technology. Integral to this upgrade and conversion was the critical need to introduce more safeguards in our banking environment. Particular emphasis was given to conducting and processing transactions in new ways that minimized contact and maximized social distancing—while simultaneously enhancing overall convenience.

During 2020, we introduced a simplified suite of deposit products for individuals as well as businesses—while simultaneously eliminating many customer fees. Furthermore, we expanded our education initiatives among our staff, customers and the community at large to facilitate greater awareness, understanding and prevention of fraud and identity theft.



2020 Financial Highlights

Merrimack County Savings Bank Executive Summary December 31, 2020

Balance Sheet (\$000's)	December 2019	December 2020
Interest Bearing Deposits	2,815	26,483
Intercompany Fed Funds Sold	-	-
Investment Securities	79,678	83,250
Loans	799,810	877,581
Assets	936,275	1,037,547
Deposits	703,420	874,721
Repurchase Agreements	39,492	46,856
Intercompany Fed Funds Purchased	13,000	-
Borrowed Funds	81,321	8,086
Equity	94,786	102,512

Balance Sheet Statistics (%):	December 2019	December 2020
On-Balance Sheet Liquidity	4.91%	6.57%
Basic Surplus (30 Day)	13.69%	22.02%
Loan to Deposit	113.82%	101.79%
Loan to Asset	85.45%	83.43%
ALLL to Loans	0.74%	0.98%
Leverage Capital	9.78%	9.20%
Tier 1 Risk Based Capital	12.80%	13.42%
Total Risk Based Capital	13.67%	14.65%
ALLL to Loans Excluding PPP Loans		1.06%
Leverage Capital Excluding PPP Loans		9.91%

2020 Financial Highlights

Merrimack County Savings Bank Executive Summary December 31, 2020

Income Statement (\$000's)	December 2019	December 2020
Interest Income	37,235	38,271
Interest Expense	7,158	4,814
Net Interest Income	30,077	33,457
Provision for Loan Losses	1,339	2,837
Other Income	4,250	6,256
Other Expense	25,069	27,725
Pre-Tax Income	7,919	9,150
Provision for Taxes	1,893	2,161
Net Income	6,027	6,989

Income Statement Statistics (%)	December 2019	December 2020
Yield on Earning Assets	4.35%	3.97%
Cost of Paying Liabilities	0.89%	0.53%
Net Spread	3.47%	3.44%
Net Interest Margin	3.52%	3.48%
Return on Average Assets	0.67%	0.69%
Operating Expense to Average Assets	2.77%	2.74%
Efficiency Ratio	73.03%	69.81%

Directors and Corporators

DIRECTORS

Chair: William H. Dunlap, *Amherst*
Vice Chair: Michael B. Green, *Contoocook*
Peter G. Bloomfield, *Hollis*
Christopher Brown, *Concord*
James W. Corrigan, *Contoocook*
Jane A. Difley, *Webster*
Jeffrey S. Kipperman, *Bow*
Linda J. Lorden, *Concord*
(President of the Merrimack)
Gregg R. Tewksbury, *Keene*
(President & CEO of NHMB)
Christiana Thornton, *Pembroke*

LOCAL NHMB CORPORATORS

Elyssa Alfieri, *Londonderry*
Jane Berwick, *Epsom*
Jamie Burnett III, *Concord*
Michael Coughlin, *Canterbury*
John Cross, *Concord*
Glenn Currie, *Concord*
Kelli D'Amore, *Deerfield*
Claudia Damon, *Concord*
Philip Emma, *Henniker*
David Gazaway, Jr., *Bow*
John Gilbert, *Greenland*
James Landry, *Concord*

Sylvia Larsen, *Concord*
Brenda Litchfield, *Concord*
Sarah Mattson Dustin, *Contoocook*
Jessica Prieto, *Henniker*
Tara Reardon, *Concord*
Jonathan Ruggles, *Concord*
Peggy Senter, *Concord*
Bradford Smith, *Jaffrey*
Jay Stewart, *Hollis*
Sally Tanner, *Concord*
Daniel Weeks, *Nashua*
Jeffrey Zellers, *Concord*

Officers

Executive

Linda J. Lorden, President
Stacie Harriman, Executive Assistant & Assistant
Corporate Secretary

Commercial Lending

James Gallagher, SVP Senior Commercial Lending Officer
Terrie McQuillen, SVP Senior Portfolio Manager
Thomas Dustin, VP Commercial Loan Officer
Ryan Frazier, VP Commercial Loan Officer
Randy Guay, VP Commercial Loan Officer
Beth Hurd, VP Credit Administration
Randy Sivigny, VP Commercial Loan Officer
Sean Skabo, VP Commercial Loan Officer
Michael Vlahos, VP Commercial Loan Officer
Lynda Paquette, AVP Commercial Loan Administration
Mark Wilson, AVP, Commercial Credit Administration
Robert Sharpe, Senior Credit Analyst

Residential Lending

Jenifer Williams, VP Residential Mortgage Sales
Stephanie Burnor, Mortgage Sales Support Manager
Barbara Simoneau, AVP Mortgage Operations Officer

Retail Banking

Mary Lynne Rahlson, SVP Senior Retail Banking Officer
Stephanie Andruss, RVP Branch and Business
Development Manager
Brad Kulacz, RVP Branch and Business Development Manager
Julie Bushaw, VP Retail Sales & Service Staff Development &
CRA Officer
Kristin Clark, VP Business Banking Development Officer
Rachel Perri, Branch & Business Development Manager
Michelle Olivier, AVP Branch & Business Development
Manager
Donna Baron, Branch & Business Development Manager
Brittany Saucier, Branch & Business Development Manager
Deborah Stoodley, Branch & Business Development Manager

Consumer Lending

Arthur Letendre, SVP Consumer Loan Officer



I would like to finish this yearly summary with some final thoughts about our commitment to being a community-focused bank.

I am proud of our participation in the Paycheck Protection Program (PPP); our employees worked particularly hard to assist local businesses with critically needed funding. Furthermore, I am excited that we are now focusing on round two of this essential program, which significantly helps ease the pandemic's financial impact.

I am equally proud of our dedicated employees, who consistently reflect Merrimack Style in action. As described above, it's a way of serving customers so that each individual is warmly welcomed and treated like family.

Truly, Merrimack Style is at the heart of who we are and what we do ... day in and day out.

Thank you for your support—and stay well.

Sincerely,

A handwritten signature in black ink, appearing to read "LJL", written in a cursive style.

Linda J. Lorden
President



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