

Nurturing the communities we call home.

That's MERRIMACK Style.



MERRIMACK
COUNTY SAVINGS BANK

To Our Customers, Community, and Employees

Market conditions are changing at a rapid rate, but we continue to be a steadfast cornerstone of Central and Southern New Hampshire. Now 157 years in operation, The Merrimack remains a true representation of the key tenants on which we were founded: Going above and beyond for the people we serve.

In 2023, we focused on how we could enhance our support and community outreach. We were thrilled to open our 8th location in Windham, extending our ability to serve the southern part of the state. After all, The Merrimack does not just open branches; we join and immerse ourselves in the community. From offering accounts with zero minimum balance requirements and reducing overdraft fees to providing free educational seminars and donating hundreds of thousands of dollars to non-profit organizations, The Merrimack stands with our communities now more than ever.

We have embraced our own style, Merrimack Style: partnering, serving, and building relationships with the people who make our roles at this institution so special. We strive to be good listeners, hands-on helpers, and community champions.

That's **MERRIMACK** Style.



The Merrimack Gives Back

In 2022, we gave operational meaning to the phrase Merrimack Style, focusing on what it means to be a community bank: treating customers, community members, and employees with dignity, care, respect, and compassion. To us, Merrimack Style starts with being good listeners and extends to being hands-on helpers, community champions and so much more. In 2023, we refined this part of our bank identity.

The Merrimack Gives Back became our guiding theme, from providing financial assistance in the form of donations, community sponsorships, tax credit purchases, and foundation grants to offering both online and in-person education opportunities to our neighbors. This year, we hosted several free financial literacy and home lending seminars and created employee-featured public service announcement (PSA) videos to educate the public at large about scams and fraud. In an effort to reach more in our communities, we shared our first Spanish-speaking videos about fraud trends and are in the process of developing more multilingual PSAs. We also shared endless consumer alerts linking to full-text articles on our website for simple ways to stay safe in the digital age we live in. This past year has been all about making financial success more attainable for our community.

Internally, we continue to strive for excellence and work tirelessly to uncover new ways to better serve customers. We used innovative technology to streamline our many services and adjusted procedures and processes to be as efficient as possible.

Every day, The Merrimack works hard to support our employees, customers, and communities by involving ourselves in new programs and nurturing our relationships with existing partners. In our ever-changing world where uncertainty thrives, we seek to be a source of stability and compassion.

That's what we mean by Merrimack Style. This is how we give back.

Commercial Lending

2023 was a year of successful adaptation and refocus for the Commercial Lending team. Due to rising interest rates and persistent inflation, loan volume slowed to \$28 million, with 109 new loans originated. Early repayment and refinancing of existing loans also slowed, keeping our total outstanding loan balances above expectations throughout the year.

The slowdown allowed our lending team to spend valuable time strengthening customer relationships and better understanding customer needs. The team also focused on asset quality by reviewing the bank's commercial lending relationships of \$1.5 million and greater and lines of credit of \$500,000 and greater.

Led and sponsored by our SVP, Commercial Credit & Administration, Terrie McQuillen, The Merrimack partnered with affiliates and implemented a new, state-of-the-art Loan Operation System (LOS) to improve the customer experience. The new LOS allows for a faster and more seamless process for monitoring asset quality and compliance-related tasks.

Consumer Lending

In 2023, our consumer lending department originated \$60M in new loans, resulting in a \$25.4M (12.85%) growth of the portfolio. Our financing of boat and RV purchases in the dealer and broker market supported most of this growth. Due to circumstances beyond the bank's control, such as interest rates and post-pandemic conditions, we saw a 37% decrease from 2022 volume in the recreational vehicle markets.

Our 2024 strategic plan is set to lift us out of this volume decrease. In utilizing this plan, we will sell most of our boat and RV originations to generate fee income on sales and free up balance sheet space. This will allow room for the commercial and residential lending areas to originate business and mortgage loans in the communities we serve.

Retail Banking

The Merrimack celebrated the opening of our newest branch on August 7th, located on 1B Wall Street in Windham, and our team has hit the ground running, integrating ourselves into the community.

Community outreach throughout all our retail efforts has expanded. We focused on offering financial literacy education and fraud awareness training to New Americans and other vulnerable groups in our communities.

Our efforts to expand The Merrimack's footprint in Southern New Hampshire, where we seek to deliver our competitive products and services to new markets, will be unwavering in the coming year.

Mortgage Lending

Despite interest rates reaching a 20-year high, skyrocketing home values, and low supply, The Merrimack was able to provide lending solutions to 400 customers in 2023. We originated \$107M in total loan production, and the demand for HELOCs was steady, with \$35M in production. Additionally, we saw \$33M in new construction, which continues to be a point of strength and growth for The Merrimack.

In late 2023, we welcomed Bob Whittaker to the team as our newest Mortgage Lending Officer. Bob is based out of The Merrimack's Windham branch and joined us with over 25 years of lending and banking experience. The efforts of our entire mortgage team coupled with the bank's wide array of home lending solutions helped us rank within the top-four for residential loans in Merrimack County.

The Merrimack values community, and in that spirit, our fulfillment team of underwriters and processors are local to the regions we serve despite rising industry trends for outsourcing operations.

We have worked hard to enhance the customer experience with improved closing times, staying true to our North Star program. These efforts continue to be a strong selling point for the bank. To further improve our customers' experience, a new Customer Relationship Management (CRM) program was also implemented across all of mortgage lending to help gather much-needed data that will allow us to serve our customers even better.



Championing Our Communities

The Merrimack has enjoyed a long-standing tradition of corporate citizenship. We were proud to support our community with \$438,198.59 in donations and sponsorships in 2023. Our employees also gave countless hours of their time to volunteer efforts.

We also purchased \$210,000 in tax credits through the NH Community Development Finance Authority (CDFA) from the following organizations:

- Boys and Girls Club of Central NH: \$50,000
- Coalition to End Homelessness: \$50,000
- NeighborWorks Southern NH: \$50,000
- Overcomers Refugee Services: \$28,600
- Society for Protection of NH Forests: \$21,400
- Granite VNA: \$10,000



Grant Funding

Established in 1997, the Merrimack County Savings Bank Foundation remains committed to providing financial support to organizations that enrich and improve the quality of life for residents in our service areas. In 2023, The Merrimack awarded \$57,396 to the following local non-profits:

- Boys & Girls Clubs of Central New Hampshire - \$2,000
 - CATCH Neighborhood Housing - \$4,100
 - Catholic Charities New Hampshire - \$3,000
 - Circle Program - \$5,000
 - Concord Hospital Trust - \$2,500
 - Crisis Center of Central New Hampshire - \$2,000
 - Family Promise of Southern New Hampshire - \$2,000
 - Friends of New Hampshire Drug Courts – \$3,000
 - Front Door Agency - \$5,000
 - Future In Sight - \$2,000
 - Granite YMCA of Concord - \$4,000
 - Meals on Wheels of Hillsborough County - \$2,000
 - Merrimack Valley Day Care Service - \$1,296
 - Overcomers Refugee Services - \$3,000
 - The Pittsfield Youth Workshop - \$3,500
 - Step Up Parents - \$3,000
 - Tapply-Thompson Community Center - \$2,000
 - Twin Rivers Food Pantry - \$1,000
 - Waypoint - \$4,000
 - YMCA of Greater Nashua - \$3,000
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Staying Innovative

with New Products and Services





MERIDIANLINK

With a focus on enhancing the customer experience in 2023, we implemented MeridianLink, an automated consumer lending process that allows for seamless operational efficiency and faster overall results for our customers.



NCINO

To make lending more convenient for our business customers, we have replaced our old loan processing technology with nCino, an automated workflow program for commercial loans, improving turnaround from application to close.



LOAN ESTATEMENTS

Customers now have the option to receive their loan billing notices electronically rather than through the mail. This reduces paper waste and allows customers to review and download previous statements easily.



FEDNOW INSTANT PAYMENTS

In 2023, we began our FedNow Instant Payments program, a service that allows instant funds transfers for business customers at any time of day, any day of the year. Now, businesses can only receive funds; phase two will roll out in 2024, allowing them the ability to also send funds.

2023 Financial Highlights

Merrimack County Savings
Bank Executive Summary
December 31, 2023

Balance Sheet (\$000's)

	December 2022	December 2023
Interest Bearing Deposits	11,518	18,260
Intercompany Fed Funds Sold	-	-
Investment Securities	127,943	123,302
Loans	1,117,411	1,164,642
Assets	1,316,299	1,367,559
Deposits	1,041,526	1,030,524
Repurchase Agreements	75,345	64,135
Intercompany Fed Funds Purchased	-	-
Borrowed Funds	88,175	150,158
Equity	104,375	113,531

Balance Sheet Statistics (%):

	December 2022	December 2023
On-Balance Sheet Liquidity	5.29%	4.78%
Basic Surplus (30 Day)	13.86%	19.19%
Loan to Deposit	109.09%	113.43%
Loan to Asset	85.32%	86.17%
ALLL to Loans	0.96%	0.98%
Consumer Loans to Tier 1 Capital	164.45%	176.15%
Leverage Capital	9.16%	9.28%
Leverage Capital Excluding Sub Debt	8.86%	8.94%
Tier 1 Risk Based Capital	11.76%	12.04%
Tier 1 Risk Based Capital Excluding Sub Debt	11.31%	11.60%
Total Risk Based Capital	12.82%	13.17%
Total Risk Based Capital Excluding Sub Debt	12.36%	12.73%

Income Statement (\$000's)

	December 2022	December 2023
Interest Income	45,491	56,178
Interest Expense	4,721	21,145
Net Interest Income	40,770	35,033
Provision for Credit Losses	1,448	641
Other Income	3,734	4,940
Other Expense	30,694	30,548
Pre-Tax Income	12,361	8,783
Provision for Taxes	2,934	1,811
Net Income	9,427	6,972

Income Statement Statistics

	December 2022	December 2023
Yield on Earning Assets	3.85%	4.29%
Cost of Paying Liabilities	0.43%	1.73%
Net Spread	3.42%	2.56%
Net Interest Margin	3.45%	2.68%
Return on Average Assets	0.77%	0.52%
Operating Expense to Average Assets	2.52%	2.28%
Efficiency Ratio	68.97%	76.42%

2023 Directors and Corporators

DIRECTORS

Chair: Jeffrey S. Kipperman, *Enfield*

Vice Chair: Christiana Thornton, *Pembroke*

Peter G. Bloomfield, *Hollis*

Christopher Brown, *Concord*

James P. Burnett, III, *Concord*

Sarah Mattson Dustin, *Contoocook*

Linda Lorden, *Concord*
(President of The Merrimack)

Jessica Prieto, *Henniker*

Jay Stewart, *Concord*

Gregg R. Tewksbury, *Keene*
(President & CEO of NHMB)

LOCAL NHMB CORPORATORS

Elyssa Alfieri, *Londonderry*

Jonathan Chorlian, *Concord*

James Corrigan, *Contoocook*

Michael Coughlin, *Canterbury*

John Cross, *Concord*

Glenn Currie, *Concord*

Kelli D'Amore, *Deerfield*

Jane Difley, *Webster*

Sabrina Dunlap, *Hopkinton*

William Dunlap, *Hopkinton*

Philip Emma, *Henniker*

Chris Emond, *Epsom*

David Gazaway, Jr., *Bow*

John Gilbert, *Greenland*

Michael Green, *Hopkinton*

Angie Lane, *Manchester*

Sylvia Larsen, *Concord*

Stephanie McLaughlin, *Manchester*

Pedro Nunex-Bautista, *Pelham*

Tara Reardon, *Concord*

Emily Ricard, *Concord*

Jonathan Ruggles, *Concord*

Elizabeth Salas Evans, *Weare*

Peggy Senter, *Dunbarton*

Bradford Smith, *Sullivan*

Sally Tanner, *Concord*

Daniel Weeks, *Nashua*

Jeffrey Zellers, *Concord*

2023 Bank Officers

EXECUTIVE

Linda J. Lorden, President

Melissa Stevenson, Executive Assistant
& Assistant Corporate Secretary

COMMERCIAL LENDING

James Gallagher, SVP Senior Commercial Lending Officer

Joanne Connelly, SVP Commercial Lending Team Leader

Terrie McQuillen, SVP Credit & Administration

David Peterson, SVP Commercial Lending Team Leader

Margot Elise Anderson, VP Commercial Loan Officer

Michael Cate, VP Credit Manager

Michael Cleland, VP Commercial Loan Officer

Ryan Frazier, VP Commercial Loan Officer 2

Beth Hurd, VP Commercial Loan Portfolio Officer

Michael Vlahos, VP Commercial Loan Officer

Lynda Paquette, VP Commercial Loan Administration

Brian Smith, VP Commercial Portfolio Loan Officer

RESIDENTIAL LENDING

Mark Danahy, SVP Residential Mortgage Lending

Garry Cornelius, VP Residential Mortgage Sales,
NMLS #1185487

Stephanie Burnor, AVP Mortgage Operations Officer

Chelsea Gardner, Mortgage Loan Officer, NMLS #2361321

Shannon Ketcham, Mortgage Loan Officer, NMLS #2153077

Fredric Johnson, Mortgage Loan Officer, NMLS #827462

Brooklyn McBee, Mortgage Loan Officer, NMLS #2300197

RESIDENTIAL LENDING *(continued)*

Jake Potter, Mortgage Loan Officer, NMLS #914418

Pamela Starr, Mortgage Loan Officer, NMLS #211840

Matthew Thomas, Mortgage Loan Officer, NMLS #523419

Mary Tillotson, Mortgage Loan Officer, NMLS #523420

Robert Whittaker, Mortgage Loan Officer, NMLS #191114

RETAIL BANKING

Brad Kulacz, SVP Senior Retail Banking Officer

Stephanie Andruss, RVP Branch Manager

Rachel Perri, RVP Branch Manager

Julie Bushaw, VP Retail Sales & Service Staff

Development & CRA Officer

Kristin Clark, VP Business Banking Development Officer

Michelle Olivier, AVP Branch & Business Development Manager 2

Silvia Croteau, AVP Branch & Business Development Manager

Brittany Saucier, AVP Branch & Business Development Manager

Ariana Roy, Branch & Business Development Manager

Deborah Stoodley, Branch & Business Development Manager

Christine Larocque, Branch & Business Development Manager

Luis Colon, Branch & Business Development Manager

Cody Tibbetts, Branch & Business Development Manager

Shantelle Sutkus, Business Development Officer

CONSUMER LENDING

Arthur Letendre, SVP Consumer Loan Officer

Carol Ritchie, VP Consumer Loan Officer

MARKETING

Diana Johnson, VP Marketing Officer

President's Message



Over the past year, we have persisted through some very hard times, and I remain inspired by our employees and community, who exhibit tenacity, strength, and resilience. 2023 told a compelling story about The Merrimack's willingness to give back by way of donations, event sponsorships and free educational seminars. Everything we did this year worked toward a common goal: to strengthen our communities. We proudly stand tall as a stable and steady cornerstone for all the places we serve.

This year was also a year of great progress. On August 7th, we opened our 8th branch in Windham on 1B Wall Street. Our team in Windham has been enthusiastically spreading Merrimack Style throughout Southern NH. I am grateful for the incredible dedication of our employees there, who have fully joined the Windham community and continue to forge relationships with local families and businesses.

Our fight against food scarcity in NH carried on in 2023, with in-branch food drives and dozens of donations to local food pantries. Our teams collected peanut butter and cereal specifically to help the youngest victims of food insecurity in partnership with NH Banks Give Back. The collected items were distributed among pantries local to our branches.

Our team also provided tools needed to help friends and neighbors in the form of well-attended, complimentary seminars. Courses in financial literacy, construction, and home lending education were among the topics. We were also grateful for the opportunity to present to the Concord High School Adult Education Program, Overcomers Refugee Services, and have even more planned for 2024.

This year, we engaged with customers and community members on social media, spreading awareness about recent fraud and scam trends and ramped up our efforts to educate and protect the public. We created informational Public Service Announcement (PSA) videos featuring our own employees, including our first-ever Spanish-speaking videos. As our communities grow and evolve, we remain committed to reaching a culturally diverse audience. Additional multilingual videos are underway and will continue to roll out in 2024.

I'm deeply proud of our tradition of giving back, forging connections, and providing services to those most in need. In 2023, we recognized the achievements and service milestones of 14 employees who have been with us for 5, 10, 15, 20, 25 and even 35 years. I am honored to work with a team that continues to strive for excellence and give back despite all obstacles, and I look forward to working together towards another successful year.

Warmly,

A handwritten signature in black ink, appearing to read 'LJL'. The signature is fluid and cursive, written over a white background.

Linda J. Lorden
President





“We proudly stand tall
as a stable and steady
cornerstone for all the
places we serve.”



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COUNTY SAVINGS BANK

NMLS #433938

