

Corporator Connection



Maple sugaring - Robert Kozlow, photographer



MERRIMACK
COUNTY SAVINGS BANK



Savings Bank of Walpole
since 1875

NHTrust
FINANCIAL ADVISORS

NEW HAMPSHIRE
MUTUAL BANCORP

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Hold the Date

2024 Annual Meeting of the Corporators has been scheduled for Tuesday, March 26 at 4:00pm at the Grappone Conference Center in Concord.

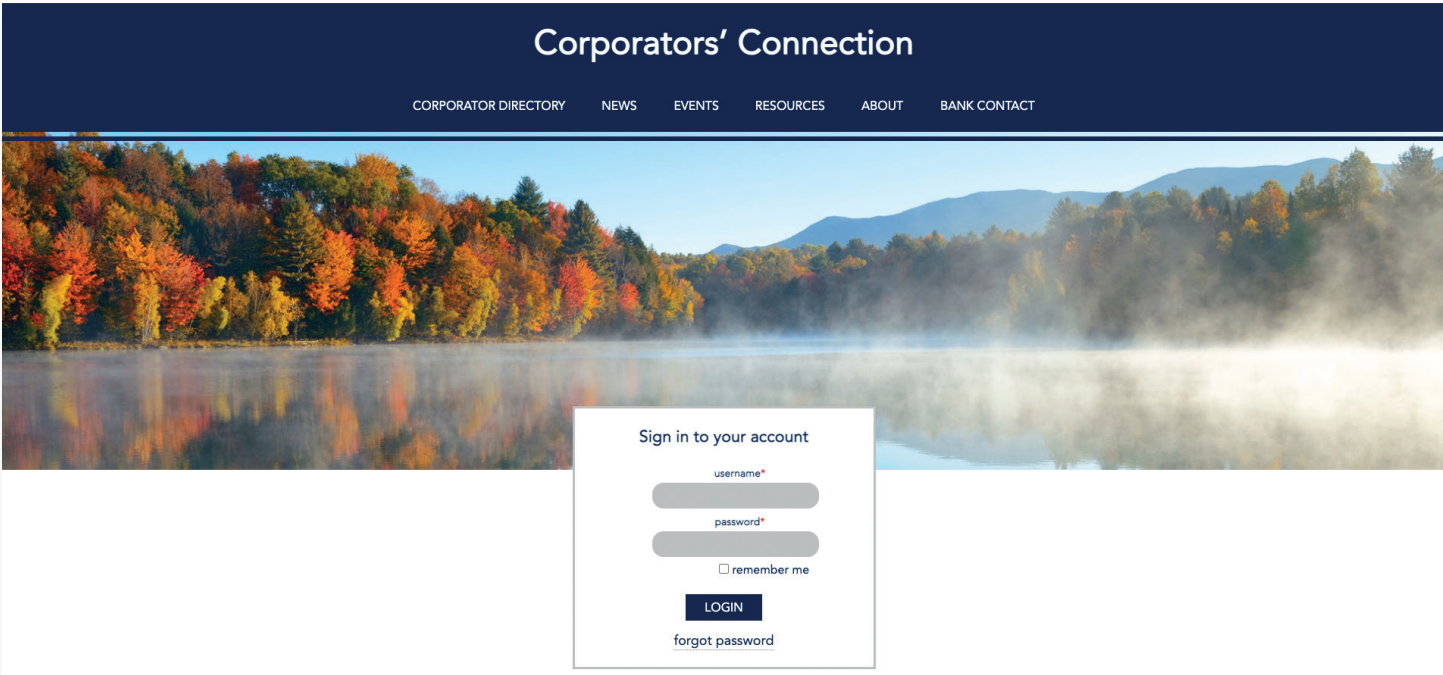
Reminder

I want to remind you about the Corporator Portal on the NHMB website specifically designed for your use (<https://www.nhmutual.com/corporators-login/>). A review of activity on this portal shows that usage of this communication tool has been minimal.

You can use this portal to add or update your contact information as well as your biography and photo, see meeting notices, have access to the most recent annual reports for all affiliates, and have the opportunity to review recent press releases and financials from across the organization. There is also an archive of past newsletters.

My hope is that you will find the Corporator Portal to be a beneficial tool once you have explored it or perhaps you have some suggestions on how to make it more useable or valuable to you as a resource. Your comments are much appreciated!

You should have all received an email identifying your login name and initial password to access the page(s). If you need assistance logging into or navigating the portal please reach out to Chris Scheiner at 603.223.2707.





Moe Lafreniere, Chairman of the Board

It's so difficult to watch the news these days and not feel grateful for what we have. My heart goes out to those struggling in the midst of war, the homelessness we have on our own turf and the holidays fast approaching for families who have nothing to give. It can at times make you feel helpless. I am so proud to be an ally of a strong community-focused organization. And I appreciate the constant awareness our organization places on supporting their customers and the nonprofits in our communities that support those who need it most. When I see the numbers, the photos and the participation from our staff I am humbled to think, we really do make a difference.

In that same vein, I am so grateful to you, our Corporators. You are chosen to represent NH Mutual Bancorp and its affiliates in your respective communities. You hold the corporate powers of our mutual holding company representing the various interests of our communities. You are our ambassadors, our eyes and

ears keeping the organization in contact with community needs, issues and opportunities. Beyond your normal business days, you promote our organization providing testimonials on our behalf. You provide connections for business development prospects, allowing us to create strong local business which in turn builds our local economies with new jobs, products, revenue and services. And you provide your time, you attend the scheduled meetings, you are open and accessible to our staff and importantly, you understand and can communicate mutuality, the heart of our 150-year old banking model. We, the Directors, look to the talented pool of individuals you are in hopes of cultivating our next Director or Trustee. To continue our mission and place in these communities we hold dear.

I am grateful for your participation, your loyalty and your support of NH Mutual Bancorp. Even as I look around the globe where the news focuses, I see the good and the differences we all make here at home. The saying, "think globally, act locally" resonates with me and I thank you all for contributing to our efforts to build our local economies strong and sustaining. These seemingly small acts do in fact add up.



Milky Way over the rocky shore of Rye - Marie Sapienza, photographer



**Gregg Tewksbury, President & CEO –
New Hampshire Mutual Bancorp**

As colder weather comes in and daylight gets shorter, I begin to reflect on the year that's coming to an end. I recall my parents telling me that as we get older, the time flies by even quicker. I'm obviously getting along in years as 2023 was simply a blur. As I think about this past year I'm quickly reminded of the focus and advances we've made as a company.

Focus

As we've reported and shared with you over the past year and a half, our company has been very focused on managing our balance sheets. Historic changes in the increased level and fast pace of change of interest rates forced us to be uber sensitive to how these changes are impacting our earnings and growth projections. In short, both will be lower for a while. Deposit gathering was a focus during the year as higher rates created alternative pressures with holding onto these important funding sources. Our banks have all done a wonderful job in navigating the higher cost of these deposits while seeking new relationships to offset some of the money that left the bank. Some of our competitors announced downsizing measures or noted they were exiting certain lines of

business creating uneasiness with our staff. We committed to a no-layoff position and doubled down on these areas picking up talent and market share while our competitors are responding to short-term cyclical challenges. We're taking advantage of our mutuality and patient capital to strengthen ourselves while others make kneejerk actions knowing that we'll be a stronger company on the other side of this challenging cycle. We also were focused on employee engagement, something that suffered a bit during the Covid years. We created more opportunities for our staff to come together in person in various social settings. Though more intention is necessary in this area, our renewed focus during 2023 was a good restart.

Advances

We opened up new branches in Rindge and in Windham and committed to two more for 2024. We were one of a few banks in our country who were early adopters of a new payment rail, FedNow, allowing us to receive payments from other banks participating in this real-time payment system. We rolled out a new customer relationship management (CRM) system allowing us to have a 360-view of our customer. We began work on a new commercial loan origination system as well as a talent management system. In addition, we continued to make advances with our Diversity, Equity and Inclusion initiative with continued education and the introduction of Employee Resource Groups and the establishment of an employee lead DEI Committee and Advisory Board. A lot of work was done with the Environmental, Social and Governance area, ensuring the product would be right-sized for NHMB. We will roll this action plan out to all staff in early 2024. NHTrust had significant conversions to a new trust accounting system and introduced a much more advanced client experience front-end system. And consistent with our strategic plan focus of creating a preeminent mutual bank holding company, our employees immersed themselves in our industry in key roles and also have been assisting like organizations to create a stronger mutual bank ecosystem.

Tougher times allow us to become stronger by focusing on our strengths and advancing our strategic initiatives. It's such an important time to have an engaged Board at NHMB and every Affiliate and we have that. We remain aligned at the leadership levels which will allow us to continue to meet the economic well-being of our customers and the communities we serve even during tougher times.

Merrimack - Pedro Nunez, CEO of IT Management Solutions

Pedro Nunez was introduced to The Merrimack, through a former employee. He was looking for a financial institution to develop a personal and business relationship with. One that he could count on while working to achieve long-term goals over a 10 – 20-year time frame. Fast forward 7 years, and not only was he able to achieve those goals but he was able to exceed them, thanks to the help of The Merrimack.

You will find Pedro up before dawn, leveraging his time and focus to best prepare for each day. Meetings, video conferences and strategic planning sessions with his team and clients alike fill most of his time. Pedro is an avid learner and holds a strong philosophy of being prepared and proactively approaching challenges and opportunities. He leads his company to help small and medium-sized businesses throughout New England to leverage their IT with a focus to garner a defined Return on their Investment in technology and other unique goals.

Pedro calls Pelham, New Hampshire home, and when not leading his team or working with his clients, he can be found in the kitchen creating food that brings his culture and healthy lifestyle focus to life. On the track racing a motorcycle or high-performance car or hanging out with his family showing them that they too, can choose their destiny when they help others in the community and in life.



MVSB - Whitney Gagnon serves as Director, Trusts & Estates Department and Chair of the Elder Law Practice Group at McLane Middleton

Whitney Gagnon serves as Director, Trusts & Estates Department and Chair of the Elder Law Practice Group at McLane Middleton, a full-service New England law firm, with over 100 attorneys in five locations in New Hampshire and Massachusetts. In her role, she focuses her practice in the areas of estate planning, elder law, and probate and trust administration, working with individuals and families to design and implement estate plans that incorporate estate, gift, income and generation skipping tax transfer strategies. Whitney also practices in the area of special needs law, working with individuals with special needs and their families to develop plans to provide for the individual's supplemental needs and enhance the individual's quality of life.



Gagnon received a dual Bachelor of Art in Political Science and Justice Studies, cum laude, from the University of New Hampshire and her Juris Doctor, cum laude, from New England Law | Boston. She is a member of the Board of Directors for the Massachusetts Chapter of the National Academy of Elder Law Attorneys (NAELA), where she serves as Co-Chair for the Ethics Committee, and a member of the New Hampshire Chapter of NAELA.

Whitney is a member of McLane Middleton's Community Service Committee where she organizes volunteer efforts in New Hampshire's seacoast region. She is a graduate of Leadership Seacoast and Leadership NH and serves as a member of the Board of Directors for the Seacoast Science Center. She resides in Dover with her husband Justin, daughters Emmry and Jovie, kitties Cookie and Dough, and enjoys all activities outdoors, especially hiking.



SBW - Caitlin Caserta, Co-owner of Walpole Valley Farms, The Hungry Diner, and The Inn at Valley Farms

Walpole resident Caitlin Caserta has a seemingly endless reserve of get up and go. In addition to being co-owner of Walpole Valley Farms, The Hungry Diner, and The Inn at Valley Farms (with her husband, Chris), Caserta became a Corporator for Savings Bank of Walpole this past April.

A native of the Monadnock Region, Caserta grew up in Charlestown and graduated from Fall Mountain High School. After attending Keene State College and Université Rennes II in France where she earned degrees in Communications and French, Caserta returned to the area. After teaching French at local schools for a few years, she and her husband decided to start Walpole Valley Farms with a focus on pasture-raised and grass-fed meats and eggs. "I am passionate about soil health, regenerative agriculture and making rural life more interesting and more resilient," says Caserta. Fast forward to 2017 when the Casertas opened The Hungry Diner in Walpole – an ode to their foodie passions. "We love to travel and we're huge foodies, so opening a restaurant where we source all ingredients locally – including from our own farm, seemed like a natural progression for us."

As a Corporator for Savings Bank of Walpole, Caserta believes in the power of local and the important role SBW plays in the Monadnock Region. "I hope to bring my passion and support for local food, farms and the local economy to my role as a Corporator for Savings Bank of Walpole," says Caserta. "Because I grew up here and because of the many hats I wear for all three of my businesses, I have a good sense of the area and what it means to be a local – and that's definitely SBW all the way. As a truly local bank, they show their support in many ways -- and when a bank like SBW invests in the community, the community thrives!"

Caserta says that although she doesn't have a lot of free time, when she does, she makes the most of it. She loves to learn new languages (right now she's studying Italian), try new foods and restaurants as well as go hiking and skiing with her husband and their two teenage sons, Sam and Henry. In addition to Bruno, the family dog, and a cat named Rocco, the "ladies" on the farm keep Caserta on her toes. "Sooo many chickens!"



**Linda Lorden, President –
Merrimack County Savings Bank**

The Merrimack's 8th and newest branch on 1B Wall Street in Windham opened on August 7th and we held a festive ribbon cutting later that week. I was overjoyed to see all the vendors who helped with construction and the outpouring of support from Windham townspeople all in one place.

Our spirited team, led by AVP, Branch and Business Development Manager, Silvia Croteau, has hit the ground running by quickly integrating themselves into the community. I'm excited to see them grow and evolve as we expand south.



The Windham branch volunteered for Harvest Fest at Griffin Park, giving away Merrimack umbrella hats to town children, which was an instant hit!



Silvia (second in from left), also a longtime resident of the town, is joined by local colleagues (left to right) Katherine Hitchcock, Universal Banker, Amanda Lewis, Branch Services Manager and Melissa Cormier, Universal Banker.

An Update on Giving

In response to the valuable feedback received at our Fall Corporators' Dinner, I'm pleased to share the following details of our CDFA tax credit purchases in 2023. I look forward to updating you as more tax credits are obtained in 2024 as well.

- \$50,000 to the Boys and Girls Club of Central NH to go toward the revitalization of the Penacook Community Center into a 7,500 square foot childcare and youth development center.
- \$50,000 to the Concord Coalition to End Homelessness to go toward the development of eight one-bedroom apartments on South State Street, Concord.
- \$50,000 to NeighborWorks Southern NH to go toward the construction of a 45-unit building of affordable apartments on Main Street, Nashua.
- \$28,600 to Overcomers Refugee Services to go toward economic development capacity building.
- \$21,400 to Society for the Protection of NH Forests to go toward the renovation of The Rocks Estate, Bethlehem.
- \$10,000 to Granite VNA to go toward the renovation of a community room in Laconia which will host wellness classes, foot clinics and community health meetings.

Additionally, The Merrimack Foundation distributed \$57,396 to the following 20 nonprofits: Boys & Girls Clubs of Central NH, CATCH Neighborhood Housing, Circle Program, Concord Hospital Trust, Crisis Center of Central New Hampshire, Friends of NH Drug Courts, YMCA of Concord, Merrimack Valley Day Care Service, Future In Sight, Overcomers Refugee Services, Pittsfield Youth Workshop, Step Up Parents, Tapply-Thompson Community Center, Twin Rivers Food Pantry, Catholic Charities of NH, Waypoint, Family Promise of Southern NH, Front Door Agency, Meals on Wheels of Hillsborough County and YMCA of Greater Nashua.

For the month of October, we were proud to participate in NH Bankers' #NHBanksGiveBack in what has become an annual tradition for us. NH Banks Give Back is a volunteer celebration of the NH Banking industry, emphasizing the impact banks make in their communities. This year all eight of our branches hosted peanut butter and cereal drives to help children facing food insecurity. At the end of the month, our overflowing baskets and tables of non-perishable cereals and peanut butter were donated to the Friendly Kitchen, Twin Rivers Food Pantry, Bow Food Pantry, Hopkinton Food Pantry, Hooksett Food Pantry, Nashua Soup Kitchen and Shelter and the Upper Room Food Pantry in Derry. Additionally, during the month of October, The Merrimack contributed \$58,552 in donations and sponsorships to local nonprofits and employees gave almost 150 volunteer hours.

Corrin Davis and Giouina Moukai from Bow proudly share their peanut butter and cereal collection



James Gallagher and his family represented Merrimack Style when they volunteered at CCEH's Brews, Blues and BBQ

As we prepare for the cold weather, now through December 31, we are hosting our annual mitten tree drive at all our locations- collecting new handmade or store-bought mittens, gloves, hats, scarves and other cold weather essentials. For every item collected, we'll donate \$2 to food pantries serving our local regions. At the end of the collection period, branches give away their cold weather collections to local shelters, soup kitchens and schools.

Employee Milestones

I'd like to express my gratitude to the longtime employees of The Merrimack who celebrated key milestones this year. Congratulations to Matt Thomas, Mortgage Loan Officer and Mike Vlahos, VP Commercial Lending Officer for 25 years. Also, to Beth Hurd, VP Commercial Portfolio Loan Officer for 20 years. Your commitment to delivering Merrimack Style to customers and community members is commendable. Thank you for your dedication and hard work.



In closing, I'd like to pay special tribute to Mary Lynne Rahlson, SVP, Senior Retail Banking Officer, who retired in November after 22 exceptional years at The Merrimack. Mary Lynne joined us in 2001 and I had the privilege of working closely with her these last 15 years. She has served as a caring role model for employees, customers and community members- retiring after an impressive 43-year banking career. Though we miss her, we also wish her well as she enjoys an exciting new chapter in her life.

I look forward to connecting with you again soon! Until then, I hope you have a safe and happy holiday season with friends and family. Be sure to stay up-to-date on all bank news by following us on Instagram (@merrimackstyle), Facebook (@The Merrimack) and LinkedIn (@Merrimack County Savings Bank)!



Marcus Weeks, President – MVSB

As I look upon my first year as President of MVSB, I'm filled with many emotions. I'm grateful to Rick for his guidance over the last several years that ensured I was prepared, and to Gregg for being in my corner every day as his support and knowledge is invaluable. I'm thankful to my senior leadership team and all of their employees for their tireless dedication, enthusiasm and competence. I'm hopeful due to the many opportunities we were able to take advantage of this year, but also aware of the challenges we've had – and the ones that are coming our way.

2023 was a challenging year for the banking industry, and 2024 could be equally enigmatic. MVSB leadership and staff used much of 2023 to gain better insights into performance and risk; to educate our employees and to position the bank to best navigate these choppy industry waters. A few strategies that will be used to these ends include, expanding our understanding and usage of the data available to us; streamlining processes; and continuing to support our local communities and deepening customer relationships.

Part of deepening customer relationships included the development of a unified language about who we are. Through surveys and many focus groups, we asked employees, customers and community members about their impressions of MVSB. With their help, we were able to develop a sentiment that encapsulated

their feelings: "Caring is at the heart of everything we do. By building and nurturing relationships, we can cultivate a community where we all thrive."

Thriving communities are supported by strong corporate citizens who give back, and that has always been a large part of MVSB's identity. At MVSB, decisions are made at the most local level possible – including support of local nonprofits. Our staff are encouraged to volunteer where and when they choose – following their passions versus prescriptions from the bank. In addition, decisions about donations are made at the local branch level instead of by a committee at the main office. Local staff understand the very unique needs of their specific communities and this leads to better giving and more creative community support. I'm especially proud of two new initiatives. In the summer, we partnered with local surgeon, Marc Bard and hosted an art show of his watercolors. 100% of the proceeds, over \$10,000, went to the Meredith Food Pantry. Thanks to the new and extensive cooperation between Dr. Bard and MVSB staff, the show had its most successful fun in its several year history. This fall, we partnered with five local nonprofits on the Seacoast to address food insecurity over the Thanksgiving holiday. Community Action Partnership of Strafford County, the Salvation Army, ShareFund, Grace Community Church Food Pantry and Gather's Seacoast Food Providers Network joined together for the first time to share resources, effort and information to best meet the needs of the families in their area. MVSB supported their efforts with volunteerism, logistical support, extensive advertising and \$15,000 in matching funds.

In addition to actively encouraging volunteerism and showcasing employee efforts and involvement, we also added significant talent to our sales and leadership teams. Our impressive new sales talent includes Deb Miller, Mortgage Loan Officer in the Exeter area; Megan Ryder, Vice President & Commercial Loan Officer based in Wolfeboro and Joe Collie, Business Development Officer out of the Laconia office. We have added several excellent new branch managers as a result of the promotions and retirements of late 2022. Marc Fils-Aime now leads our Center Harbor office and Dave McMahon is leading Portsmouth. Three other branches are now led by recently promoted staff: Jami Bourdeau in Wolfeboro; Adam McKinney at the main office in Meredith and Susannah Perron at the office on Route 104 in Meredith.

While branch leadership encountered significant changes due to retirements, the commercial lending team began significant preparations for a number of retirements that they expect in the coming years. In addition to adding Megan Ryder, several existing staff members were promoted to expanded roles on the team, including Traynor Cully and Tina Simpson, both Assistant Vice President and Commercial Loan Officer, and Sara Custance, Commercial Loan Portfolio Manager. Tate Miller, the first person to complete the rigorous Commercial Lending Apprentice program, has recently finalized his first loan.

I am not the only one who recognized the value of MVSB to our communities. With over, fifty-five thousand unique votes, MVSB was selected once again as a winner for "Best of the Lakes Region" - first place for Best Mortgage and Best Place to Work and second for Best Bank. After just over a year in town, we were selected as Business of the Year by the Greater Rochester Chamber of Commerce. Jim Carrigan, Regional Vice President is an American Bankers Association Emerging Leader, one of two from New England and the first from NHMB. This highly competitive prize recognizes the next generation of bank leaders who are committed to the highest standards of achievement and service to both their industry and their local communities. The winners were selected by a diverse steering committee of industry professionals after a review of

nominations from banks across the country. Denise Hubbard, Vice President & Loan Program Officer out of Laconia, was selected for the very first Ignatius Maclellan Advocacy Award by New Hampshire Housing. Brittany Hodge, Mortgage Loan Officer in the North Conway area, was chosen as New Hampshire Housing Homeownership Fellow. In addition, Elizabeth Brothers, Mortgage Loan Officer and Cindy Hemeon-Plessner, SVP & Chief Marketing & Experience Officer were highlighted in the Laconia Daily Sun's new "Sunshine Effect" section for their volunteerism and Cindy was selected as a recipient for a Spirit of NH Award.

Elizabeth, Brittany and Denise were shining beams of light in the strong glow of our Residential Mortgage program. Per the NH Registry Review, MVSB reached high levels of market share in six counties: 1st in Belknap and Carroll, 3rd in Grafton, 4th in Strafford, 9th in Coos and 17th in Rockingham. Lori Borrin, Marcy Dembiec, Kelly Beebee, Eric Petell, Kim Lesnewski, Bonnie Leighton and Elizabeth Brothers were all top ten performers, with Lori Borrin as the number one mortgage lender in the state of NH for both number of loans and dollar volume. The department also showed growth in their North Star program, with 84% of loans cleared to close within 30 days by mid-year.

Overall, MVSB continued to demonstrate resiliency and success in challenging times. While I know that the next year or two will continue to have unique challenges for banking, I am confident that MVSB will continue to thrive as we grow into two new markets – Exeter and North Conway. As our messaging notes, I can feel good about my bank because MVSB cares.



Mark Bodin, President – Savings Bank of Walpole

It is my privilege to provide a year-to-date update on SBW. This report picks up from the mid-year update from the last newsletter.

Despite the obvious headwinds from the rapid increase in interest rates that the banking industry is facing, SBW is having a good year on all fronts. Our strong core deposit base and loan growth the past few years have allowed the bank to increase our net interest margin at a time when most banks are facing meaningful decreases. While our margins have been squeezed these past few months, we remain well ahead of the prior year. At September 30, SBW's earnings of \$3.1 million represent the bank's record **full-year** level with net income of \$4 million within reach.

To update on our three key constituent groups:



Staff: Our staff are the key to the SBW business model and we have an active staff engagement program suited to meet the needs of individuals and groups of staff. Our key measure is staff retention and we have topped 90% retention every year for the past 10+ years and 2023 is no different as we have only lost four staff members – while bringing

back four who left last year. The recent NHMB Culture and Engagement and American Banker Magazine Best Banks to Work For surveys show that our efforts to enhance the staff experience by focusing on our managers is working. In November, SBW will formally be recognized as one of the Best Banks to Work For in the U.S. for the 7th consecutive year. We are proud.

Customers: Our best in market services and strong local brand are resonating as we continue to add new customers at a record pace. We have added more than 1,300 customers who have brought in \$37 million of new deposits which has offset the runoff we have experienced. This is after bringing in \$40+ million in each of 2021 and 2022. Overall, we have added 2.3 customers for every customer who has left the bank. That is a winning formula – especially in a challenging market. We opened our seventh branch in Rindge in March and we are well ahead of projections as our focus on local businesses is bearing fruit. Commercial loan activity slowed considerably the past quarter due to higher rates and mortgage lending has been very slow all year. This is a good story overall, but we are not immune to the rate driven challenges all banks are facing.

Community: SBW's Community Engagement program is unique and continues to shine as both a valued and relied upon community institution and as a business strategy. Our multi-channel program extends beyond financial support (which is critical) and includes service activities, counsel, board placements, partner, event promotion and more. We were involved in nearly 30 events in a very busy September alone. "Presence" is a key strategy at SBW.

We thank our Board for their support of the many, many initiatives we are involved in and thanks to all of you for your ongoing support of our banks.



Paul Provost, President – NHTrust

Happy Holidays as 2024 is just around the corner. Inside NHTrust we have some really great developments to share from 2023 that are paying dividends in the short term and will be hugely important in the longer term.

The completion of an effective and efficient Shared Services operating model:

After two years of planning and preparation, 2023 was the year that NHTrust fully implemented a technology first and shared services first business model aligned with the twenty first century. Our team of advice giving, client facing staff now operate with an effective service ticket entry process, an advanced imaging system and an effective client note recording system. Led by NHTrust's Eulalie Paris and Kelly Brown and NHMB's Melissa Binder, we completed a core trust accounting system conversion and introduced a leading client experience portal, Black Diamond, that offers a client experience on par with those found at Fidelity or Schwab.

Additional enhancements are on the horizon with the onboarding of a wealth management friendly CRM interface in 2024 and the introduction in late 2023 of the Sharepoint software to create even more effective business processes while reducing the internal work flow frictions that slow client service and result in a less than compelling client experience.



Attracting and Retaining the right staff and matching staff with the marketplace. If one thinks about NHTrust as an organization described by the types of clients, NHTrust is really two businesses.

The first business and really our core business for twenty plus years, includes 5,000 clients and is referenced in the industry as serving the emerging affluent. These mostly household clients have investable assets of \$100,000 to \$1,000,000 and household incomes of \$75,000 or more. Currently this segment totals 32 million households nationally and represents 25% - 30% of all-American households. This is a large and growing market.

NHTrust has added a ton of talent to serve these clients in the last year or more and each of these new additions are thriving in our community banking environment. Financial Advisors, Liz Newcombe in Keene, Josh Allen in Meredith and David James and Savannah Wisel in Concord and Bow represent an optimistic and encouraging future for NHTrust. Each of the four have impressive experience and credentials and NHTrust stands committed to helping them and others to add to their stackable credentials to grow their careers at NHTrust. Liz, David, Savannah and Josh join incumbent Advisors Kim Place, Joe Dudek and Brandy Mohan to meet this large market opportunity.

Our second business is smaller by client counts with just 500 clients but is larger in assets with \$725 million under management. This high net worth segment encompasses both households and institutions such as nonprofits and cities and towns. This segment is also a significant opportunity as nationally there are 12 million households, each with an investable net worth of \$1 million or greater and in New Hampshire alone, the nonprofit sector has total investable assets approaching \$4 billion.

The clients in this segment require exceptionally experienced providers who are accomplished at working through complex wealth management needs and do so in coordination with the client's accountants and attorneys. Currently NHTrust is blessed with two thirty-year experienced providers in Greg McConahey in Keene, myself in Concord and Kim Place, Janelle Sartorio and Toni Ciampaglione are also strongly experienced with these complex situations.

The clients in this segment require exceptionally experienced providers who are accomplished at working through complex wealth management needs and do so in coordination with the client's accountants and attorneys. Currently NHTrust has two thirty-year experienced providers - Greg McConahey in Keene and myself in Concord. Kim Place, Janelle Sartorio and Toni Ciampaglione are also strongly experienced with complex situations.

The Path Forward: The future for NHTrust is defined by our goal to be a top provider for both of these important market segments. The strategies that will drive our future success include a renewed investment in the ongoing education of our advice-giving employees and continued important investments with our shared services team and systems to reduce operating friction and enhance the client experience. From a client perspective, wrapped around all of these developments is a commitment to financial planning as the true differentiator of value and the glue that keeps a client loyal to a firm for the long-term.

Despite the challenges of a 5% increase in the yield curve over the past year or more and the presence of two wars and ongoing political divides and challenges, 2023 is shaping up to be a solid year for NHTrust

Given our successes in 2023 on many levels, we are enthusiastic about the opportunities ahead.

NHMB Celebrating 10 Years along with our 10-year anniversary employees

Lisa Bierweiler-Franks, AVP Branch & Business Development Manager (SBW)



We'd like to shine the spotlight on Savings Bank of Walpole staff standout, Lisa Bierweiler-Franks. Lisa has filled important roles in retail leadership across multiple banks for close to 30 years. She recently celebrated her 10th year anniversary with SBW in May of 2023. She has spent time in just about each of our branches, most notably leading retail teams at Court Street and now Marlboro Street. Lisa's genuine & positive personality mixed with her caring & strong leadership style has helped grow not only her own career path, but develop the paths of her staff as well. One of her favorite parts of working at SBW is watching younger staff members grow into higher roles within the bank.

As a true-blue local, Lisa grew up in Walpole NH, graduating from Fall Mountain Regional High School and later Keene State College, where she majored in Computers & Mathematics. It was in her time at Keene State where Lisa developed her trademark attention to details and efficient problem-solving skills. During college, she began working at Cheshire County Savings Bank as a part-time teller where she combined her bubbly communication skills with mathematical processes – a great fit! She is proud to be a part of SBW, especially enjoying the Women in the Workplace group, and can be frequently found bringing her kids along to volunteer events. Lisa continues to live in Walpole with her husband Jack and 3 children, Anya, Ruslan, and Avery.

Theresa Crowell – Mortgage Closing Specialist in Meredith (MVSB)

Theresa started with MVSB in October 2013 as a Mortgage Closing Specialist and has loved her job. She is retiring December 15 and will miss her MVSB family.

Theresa enjoys performing in theater, reading, writing, sewing and crochet. She also loves spending time with her large family - including her 9-year-old grandson Nicklaus, who keeps her busy with hockey, football and baseball.



Dawn DiRenzo – Universal Banker Gilford Branch (MVSB)



Dawn started at MVSB in 2013 as a Universal Banker at the Gilford Branch. She currently serves as a Universal Banker 2 and has enjoyed working with her longtime coworkers as a close-knit team throughout the last decade. She is often the go-to bank representative that customers request when they visit the branch.

Earlier this year, Dawn hurt her foot in an accident at home, but did not want to leave the branch without its morning opener. She proceeded to open without a fuss, but once her manager discovered that Dawn was injured, she quickly sent her to urgent care. Later, Dawn – with a smile on her face - was greeted with cheers when she walked back into the branch with a cast and crutches.

Outside of work, Dawn enjoys spending time with her eight grandchildren. She loves to visit the ocean and goes back to Massachusetts often to see family and friends.

Oksana Drye, Teller Integra Branch (Merrimack)

Oksana started working at The Merrimack on March 25th, 2013 as a part time teller at the Integra Drive branch in Concord. Within a year she took a full-time Teller position and is now a Teller II at Integra.

Oksana enjoys traveling to different countries and experiencing new cultures. She loves the ocean and spends most vacations on warm sunny beaches with a good book or two. She has also developed a passion for hiking and spending time outdoors. She's a very spiritual person- meditating often and listens to healing podcasts in her spare time. At home, Oksana can be found in her kitchen cooking up new recipes, as she is also an adventurous eater who loves to cook. Her friends and family are most important to her and she especially loves spending time with her daughter, Sophia.



Oksana is beloved by colleagues and customers alike! She is grateful for the relationships she has developed throughout her time at The Merrimack and believes, "Teamwork between coworkers makes The Merrimack a great place to work. We learn together, overcome challenges together, and grow together. I feel recognized and appreciated for the work I do and I'm looking forward to more years here with The Merrimack!"

Lisa Garnett, Loan Operations Representative 3 (NHMB)



Celebrating her 10th anniversary with the organization, Lisa Garnett began her NHMB career March 11th of 2013. She joined as a part-time temporary employee in the Loan Servicing Department of MVSB. Her previous professional experience was not in banking, but with 2 teenagers at home, a part-time opportunity sounded interesting and perfect with the hope of developing into a full-time position.

Ten years later, Lisa is a dedicated and valued employee working as a Loan Servicing Representative for NHMB. Initially she had worked in the SLB building in Meredith, then at the main office for The Merrimack and since 2020, like some that were sent home during the pandemic, continues working remotely but comes in as requested or needed. Lisa is also a proud NHMB volunteer having participated in several nonprofit endeavors including Hands Across the Table, Market Days and the United Way. She enjoys the community interaction and the support NHMB and affiliates provide so many organizations.

When Lisa is not working in her NHMB role, she fills as much of her time as she can with her 2 grandbabies. Her children are grown now and ‘Gigi’ as she is lovingly called, enjoys her Grammy time. With her children out of the house, Lisa has also inherited their dogs! Her co-workers at home are a terrier/lab mix and a Pitbull, who her daughter likes to tell her, “was really her dog anyways”! Lisa is a huge fan of DIY projects and home renovations. She enjoys art though finds she doesn’t always have the time she’d like to pursue those activities. This past summer, Lisa did some experimenting with container vegetable gardening...which was a tough year for any gardener but she had enough fun and she thinks she’ll try again next summer.

“I came in just at the beginning of the alliance with The Merrimack and have been involved with the conversions of The Merrimack and then Savings Bank of Walpole to Jack Henry,” said Lisa. “I remember when I started, I was so impressed with how welcoming this organization was right from the start. I had never experienced that anywhere else. These ten years have flown by. I really like my job and the variety it has afforded me.”

Congratulations on your ten years with us Lisa, we are lucky to have you!

Brad Kulacz, SVP, Senior Retail Banking Officer (Merrimack)

Brad Kulacz joined Merrimack County Savings Bank on January 21, 2013 as a Branch Manager of the bank’s Contoocook office. He previously worked as a Teller Manager/Senior Customer Service Representative at the Concord Main Office 2004 – 2006, for a total of 12 years with The Merrimack! Throughout his tenure, Brad has also served as AVP, Branch and Business Development Manager, Regional Vice President and most recently as SVP, Senior Retail Banking Officer.

Brad is a graduate of Southern New Hampshire University and the New England School of Financial Studies at Babson College, Leadership Greater Concord and Leadership New Hampshire. Outside of the office, he serves on the Board of Directors for the Greater Concord Chamber of Commerce, President of the NH Comets, and as a Legislative Committee Member for NH Bankers. He has also served as Vice President of the Board for the Hopkinton State Fair for more than eight years.

Brad is well-regarded and admired both in and out of work and universally recognized for his leadership, outreach and creativity. His longevity at The Merrimack is attributed to the shared values he and the bank share: “I believe that a team who is proud of their accomplishments develops ownership and pride- two direct contributors to growth and best in class customer service.” He lives in Boscawen with his wife and four daughters.



Brandi Taggett – Teller Supervisor in Moultonborough (MVSB)



Brandi started with MVSB in October 2013 as a part time teller and was quickly promoted to a Branch Services Representative in Laconia. She transferred to Center Harbor after a period of time, where she was promoted to Teller Supervisor and then Branch Services Supervisor in 2019. After a decision to take some time off for her family, she was excited to rejoin MVSB in 2020 as a Teller Supervisor in Moultonborough.

Outside of work, you will often find Brandi enjoying time in the outdoors and at the race track.



David Cronin, Executive Vice President, Chief Human Resources Officer

Diversity, Equity and Inclusion

2023 was a year of growth for our Diversity, Equity and Inclusion (DEI) program. Our year began with the formation of a DEI Advisory Committee, with more than two dozen employees voluntarily applying to become a member, and twelve being selected to form the initial group. Two DEI surveys; one for all-employees and another that only our executive team completed, were launched. These surveys helped to target areas for improvement and growth and identified functional activity maturity levels to assist with our journey to a more mature program.

Internal DEI training has continued monthly throughout the year for all employees and, NHMB and affiliates all participated in DEI events, sponsorships, and community activities with employees participating in some local events as well. The first of its kind in NH - a Certified Bank Teller Apprenticeship program - began in May with three apprentices being hired – one for each Bank. The apprentices are half way through their journey and have been engaged with on-the-job training, soft skills training and they will be beginning their related instruction portion of the program this fall. This type of program assists with

further introducing diversity into our organization and helps to create a talent pipeline for all positions in the organization. And finally, our DEI officer, Tamara Richardson has completed a course through the Society for Human Resources (SHRM) on workplace inclusivity, continues to be a member of the Monadnock DEIB Coalition and participated as a DEI panelist for the Monadnock Leadership NH program. All these efforts continue to reinforce our commitment to DEI in our workplace.

Employee Feedback Culture & Engagement

Since our last update we have received important feedback from our employees through our annual Culture & Engagement Survey. Survey results were again strong with an 84% participation rate across all affiliates reflecting an overall strong favorability rating of 76%. As with each survey, results reflect improvements in areas where we have focused our efforts over the past year and they also provide new insights into areas of improvement to be considered. Some of these opportunity themes include career growth & development, employee empowerment, appreciation, recognition, communications and employee voice. Our managers and employees are currently meeting across all areas working to develop joint action plans designed to influence our improvement in these areas of improvement opportunities. Additionally, the survey also highlights our strengths which include our customer and community focused - Purpose & Mission, our much-desired workplace culture of care & trust, and our employees’ belief in the strong future of our company. As always culture and engagement are a continuous journey.



**Jason Hicks, Executive Vice President,
Chief Financial and Risk Officer**

It was good to see many of you at our recent Corporator meetings earlier this fall. Some things are worth repeating as we think 2024 will look similar to the second half of 2023. Due to the persistent inflation, the Federal Reserve has aggressively raised its short-term Federal Funds target rate in 2023 and plans to hold it at this high level for a longer period than the capital markets initially expected. However, as we came to the end of the third quarter, the markets have started to believe the Fed will keep their target rate “higher for longer”. We don’t know how long that may be, but expect their target rate to stay elevated until the second half of 2024 and then potentially start lowering it up to 50 to 100 basis points by the end of 2024, at least based on the current expectation of the Federal Reserve. Further, this historic ramp up in short term rates has made deposits worth something again and has created tremendous competition for deposits in the financial sector. We don’t see this abating in 2024. Competition for deposits is fierce between banks and credit unions, but they are also competing with the U.S. Treasury and brokerage money market accounts. Thankfully we continue to add new customer relationships at record levels that help offset some of the outflows to these alternative investments. However, like most banks, all three of our banks are using wholesale funding sources to supplement deposits in order to fulfill the banking needs of our customers. The

good news is that deposit levels seem to have stabilized at our banks which is in line with national trends.

In addition, the industry continues to manage loan growth through higher loan rates to ensure we can achieve necessary margins due to the higher funding costs. Higher loan rates certainly slow borrowing activity by customers. Higher loan rates, combined with historically low residential home inventories have reduced mortgage lending activity. Further, the commercial and consumer lending areas have seen their loan applications diminish in the third quarter. Reduced lending activity is exactly what the Federal Reserve wants and needs to help tame inflation. Again, this is happening across the banking industry.

NHMB’s financial results for the third quarter reflect the impacts of these economic shifts noted above. Further, the impact of deposits shifting from checking, savings and money market accounts into higher cost certificates of deposits is ongoing and will be a drag on earnings going forward.

Loan growth was \$26.3M or 0.82% for the third quarter of 2023 with gross originations topping \$90.4M, which was \$48.1M below second quarter originations of \$138.5MM. This decline in originations shows the impact that higher rates are having on the banking industry.

Residential lending grew \$23.1M or 1.54% for the third quarter of 2023 versus \$104M or 8.07% during the same period in 2022, with consolidated gross originations of \$40.9M in 2023 and \$113.9M in 2022. Our new loan origination in 2023 is approximately 35.9% of the prior year which is typical across the industry. Gross new volume for the quarter by bank as follows: \$8.6M at SBW, \$9.8M at MCSB and \$22.4M at MVSB. The secondary mortgage markets (e.g. FreddieMac) have begun to return to normal which allows our banks to sell as many eligible residential loans (servicing retained) as possible to help reduce funding needs. As of September 30th, we are selling approximately 40%, 30% and 25% of originations to FreddieMac for SBW, MCSB and MVSB, respectively. MVSB has more construction lending than the others which reduces the number of eligible loans for sale. Selling mortgages at these levels is typical for our banks and many across the industry.

Home equity loans and lines continue to surpass budgeted expectations in the third quarter which is not surprising given that primary home mortgage rates are more than double what they were a year ago. Therefore, most customers will want to keep their low rate primary mortgage rates and use their home equity lines when needed. Net growth for the third quarter of 2023 was \$8M or 6.39% versus \$5.8M or 6.08% for the same period in 2022. Gross originations were \$9.8M in the third quarter of 2023 versus \$10.2M for the same period in 2022.

Commercial real estate lending activity slowed to \$7.9M or 1.00% in the third quarter of 2023 versus \$38.9M or 5.50% of net growth during the same period in 2022, as interest rates continued to rise and dampen borrower demand. Consolidated gross originations for the quarter were \$8.4M with activity by bank as follows: \$3.9M at SBW, \$479K at MCSB and \$4.1M at MVSB.

Commercial and Industrial lending activity increased \$3.3M or 1.3% net growth in the third quarter of 2023 versus \$15.8M or 7.63% during the same period in 2022, as interest rates continued to rise and dampen borrower demand. Consolidated gross originations for the quarter were \$7.2M with activity by bank as follows: \$2.9M at SBW, \$1.2M at MCSB and \$3.1M at MVSB.

Indirect marine and RV lending also slowed in the third quarter of 2023 due to the same drivers noted above. Net growth for the third quarter of 2023 was \$1.1M or 0.2% versus \$49M or 11.5% for the same time period in 2022. The Consumer lending team generated \$24.1M in gross new loans in the third quarter of 2023 versus \$70.1M for the same period in 2022. Gross originations in the third quarter 2023 are 34.9% of the prior year and reflect the impacts of the economy and our desire to slow down production until we can create an outlet through the secondary markets which will increase our non-interest income and further reduce funding needs on our balance sheets.

The credit quality of our loan portfolios continues to remain strong with very low levels of delinquencies. However, core inflation remains elevated, reflecting supply and demand imbalances as a hangover from the pandemic. Further, there were 75 basis points of additional increases in the Federal Reserve rate during the nine months of 2023 (25bps in February, March and May) in a continued effort to tamp down inflation. As a result, the interest rate yield curve remains inverted. The spread between the two and the ten-year U.S. Treasury rates ended September 2023 at a negative 44 basis points as compared to the spread between these rates at December 31, 2022 of a negative 53 basis points, and this has historically been a strong signal for a recession. Further, this economic scenario causes us to keep our loan loss reserves at elevated levels as a cautionary stance.

Total deposits (excluding brokered CDs) was almost flat with a decline of \$706K in the third quarter of 2023 compared to growth of \$9.3M in the same quarter of 2022. The difference between periods highlights the change in bank deposits not only for our banks, but for the entire industry barring the national money center banks such as Bank of America. This is an industry wide phenomenon driven by two factors: (1) the excess liquidity that many consumers had during the pandemic has been depleted to pay for everyday living expenses that cost much more due to inflation and the stimulus has stopped flowing; and (2) businesses and individuals that still have excess liquidity are searching for higher rates of return. Therefore, competition for deposits continues to be strong. However, we are more focused than ever on creating new relationships with individuals and businesses and we continue to build new relationships.

As a result of continued compression of our net interest margin, net interest income for the third quarter of 2023 was \$25.2M versus \$28.3m for the same period in 2022. We expect this trend to continue due to higher funding costs. Our challenge will be to garner even stronger loan rates as the Federal Reserve keeps interest rates higher for longer, and at the same time, manage through continued deposit competition by other banks and credit unions.

This high interest rate environment has presented challenges to our wealth management company as well, particularly for the fixed income annuity business which is competing against the same deposit challenges as our banks. Further, we are still waiting on significant trust assets to transfer from Bank of America. We expected these transfers to be completed in 2023, but it will likely be the first half of 2024. Despite these headwinds, NHTrust had net income of \$248K for the third quarter of 2023 versus \$130K for the same period in 2022.

Overall, our performance in 2023 has been reasonably good given the challenges in the banking industry. The banking industry was forced to catch up with the extraordinarily rapid increases in interest rates by the Federal Reserve, primarily in their certificates of deposits and to a lesser extent on liquid funds. These actions led to lower net interest margins for many banks. This environment highlights the need to ensure our entire customer facing teams, lenders and deposit team members, are focused on gathering new and retaining existing deposits.

The good news is that we don’t expect significant credit losses in 2023. However, we think there is reason to maintain a historically higher level of allowance for loan losses in case the impending recession causes potential losses in 2024. All this is to say, we are well prepared for the challenging economic environment we are working in, our companies are well respected as leaders in the industry and we look forward to what we will achieve by leveraging our collective strengths to create more value for our customers and communities.



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