

2021 Annual Report



Here For You

Pentucket Bank



2021



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Each year, our efforts are rooted in our mission. We exist for the benefit of our Customers, Community, and Employees, with a focus on long-term sustainability.

Jonathan Dowst,
President & CEO

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NMLS# 1630813
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A Message from the President & Chief Executive Officer Jonathan H. Dowst



On behalf of the employees, officers, Senior Leadership Team, Corporators, and Directors of Pentucket Bank, I am proud to present to you our 2021 Annual Report. As always, this report itemizes the financial results, operating highlights, community involvement, employee and customer focus, and other significant milestones of the year:

- Our employees delivered record earnings through a turbulent year – more than \$6.8 million Net Income.
- This financial performance allowed us to continue to expand our community support – providing record funding to our community partners.
- Our team has processed forgiveness applications for almost all of our customers' SBA Paycheck Protection Program ("PPP") loans, with over \$80 million forgiven at the time of publication.
- Our leadership team has successfully worked through senior leadership succession, with virtually the entire Senior Leadership Team in new roles in the past 18 months.
- Pentucket Bank Customers consistently rate Pentucket Bank in the 90s for Customer Satisfaction.
- The Bank continues to perform well in its audits, exams, and overall risk management program.

Employees and community partners frequently ask about our areas of focus for the coming year. Each year, our efforts are rooted in our mission. We exist for the benefit of our Customers, Community, and Employees, with a focus on long-term sustainability. Our strategy always springs from that commitment, and 2022 will be no different:

- We are engaged in initiatives to improve our digital and mobile banking capabilities for our customers.
- We are focused on operational efficiencies to better serve our customers - one initiative seeks to reduce our paper consumption by half!
- We are working to re-establish our community service routines to pre-COVID levels. While we have increased community funding, COVID has interrupted the hours of engagement we spend with our community partners. It's time to get back out there.
- We have launched a new Employee Survey to better understand Employee Engagement, with an eye toward long-term retention of our most valuable asset – our employees.

Our strategy frequently drives a theme for the Annual Report – last year's was "Here for You." Looking over our 2021 performance, our mission, and our 2022 plan, it is clear we continue to be Here for You, whether you are a Customer, a Community partner, or an Employee.

Thank you for your continuing support of Pentucket Bank.

Jonathan H. Dowst
President & Chief Executive Officer

2021 Financial Results

We are pleased to report that Pentucket Bank had a record year in 2021, reaching new heights in total assets, deposits, loans, capital, and earnings. Highlights of these results have been outlined below.

Assets

Total Assets ended the year at \$977 million compared to \$918 million reported for 2020. The increase was largely attributable to increased cash balances and investment activities, driving total assets to an all-time high. Since 2012, total assets have grown \$333 million as reflected in Figure 1 to the right.

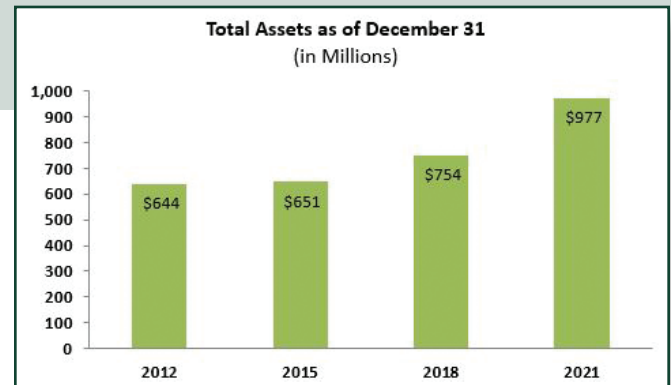


Figure 1

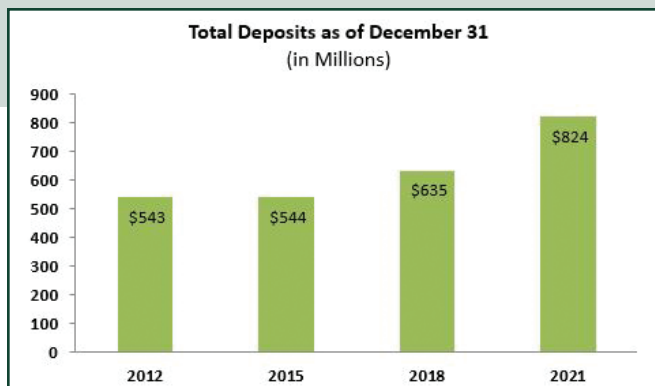


Figure 2

Deposits

Total Deposits ended the year at \$824 million compared to \$746 million reported for the prior year. The growth realized in 2021 was driven by increases in non-maturity deposit products. Since 2012, total deposits have increased by \$281 million as depicted in Figure 2 to the left.

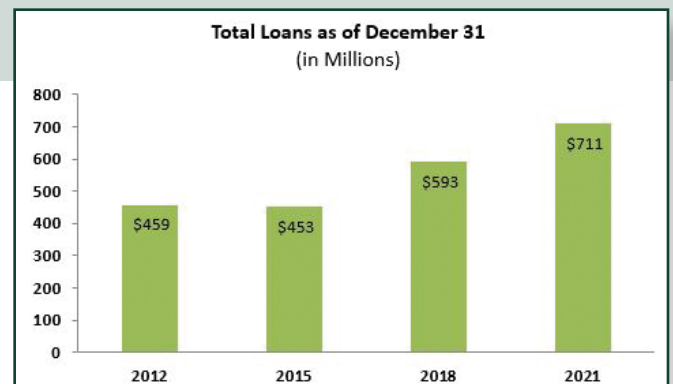


Figure 3

Loans

Total Loans ended the period at \$711 million compared to \$708 million for the same period in 2020. The \$3 million increase realized was the result of mortgage and commercial loan growth, partially offset by Paycheck Protection Program loan forgiveness during the year. As represented in Figure 3 to the right, the Bank has increased loan balances by \$252 million since 2012.

Surplus

Surplus, or capital, ended the year at \$112 million. The Bank's Surplus Ratio ended 2021 at 11.45%, an increase over 11.14% at 2020 year end. The Bank continues to remain well capitalized according to strict regulatory standards. Since 2012, the Bank's surplus has increased by \$43 million, growing consistently, through the retention of strong earnings, as pictured in Figure 4 below.

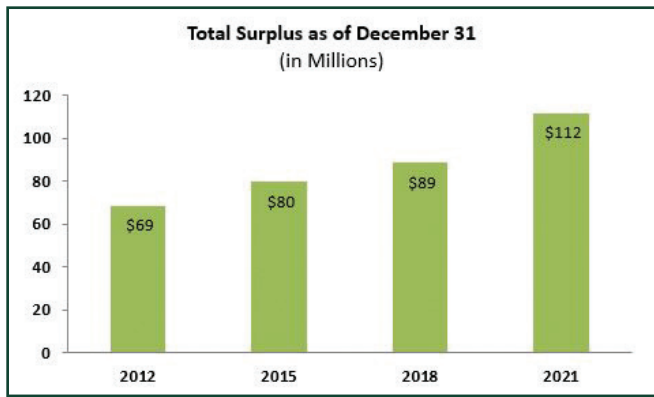


Figure 4

Earnings

Earnings for 2021 were \$6.8 million. This represents a \$4.5 million increase in earnings over 2020. The main driver of the increase was an improvement in net interest income, resulting from lower interest expense. Additionally, lower provision expense, increased non-interest income, and lower operating expenses contributed to the record earnings recognized in 2021. The combination of these factors resulted in net operating income of \$6.3 million, an increase of \$4.1 million over 2020. Gains on the sale of securities were \$2.3 million compared to \$424 thousand recorded in 2020. The increased earnings in 2021 assisted the Bank in growing capital and allows Pentucket Bank to be "Here for You" now and into the future.

Statement of Condition (un-audited)

	12/31/21	12/31/20
Assets		
Cash & Due from Banks	66,368,000	35,324,000
Investment Securities	157,707,000	134,371,000
Loans Outstanding	711,046,000	708,463,000
Allowance for Loan Losses	(7,435,000)	(6,269,000)
Bank Premises & Equipment	16,514,000	11,967,000
Other Assets	33,211,000	33,894,000
Total Assets	977,411,000	917,750,000
Liabilities & Surplus		
Deposits	823,946,000	746,125,000
Borrowed Funds	34,253,000	56,005,000
Other Liabilities	7,335,000	13,412,000
Total Liabilities	865,534,000	815,542,000
Surplus	111,877,000	102,208,000
Total Liabilities & Surplus	977,411,000	917,750,000

Statement of Income (un-audited)

	12/31/21	12/31/20
Interest & Dividend Income	30,609,000	30,467,000
Interest Expense	(2,845,000)	(6,066,000)
Net Interest Income	27,764,000	24,401,000
Provision for Loan Losses	(1,125,000)	(1,489,000)
Non-Interest Income	3,000,000	2,760,000
Operating Expenses	(23,295,000)	(23,443,000)
Net Operating Income	6,344,000	2,229,000
Net Gain on Sales of		
Investments & Other Assets	2,333,000	424,000
Provision for Income Taxes	(1,858,000)	(363,000)
Net Income	6,819,000	2,290,000

2021 Charitable Highlights

End of Year Giving Challenge: \$100,000 in December

Pentucket Bank had a successful year of growth in 2021, which meant that all of the Bank's key constituencies reaped some reward. Senior Leadership and the Board issued a \$100,000 year-end challenge for the month of December - over and above the Bank's annual budgeted community giving strategy. The team met the challenge while also meeting the needs of our communities. Here's how...

Organizations in Need \$40,000

These funds were evenly divided up among eight local non-profit organizations that demonstrated a specific need at year-end. Each of these organizations received \$5,000 in unrestricted funds to assist with the meaningful and impactful work they are doing in the community.

*Haverhill Promise • Sarah's Place • Esperanza Academy
The Psychological Center • Community Crossroads
Isaiah 58 • Foster Kids of the Merrimack Valley
NECC Institute for Equity & Social Justice*

Employees' Choice \$50,000

Employees were invited to donate \$50,000 of the Bank's money, divided equally among them, to non-profit organizations within the Bank's service area. Some employees chose to split their donation between two or more organizations, while others worked as a team and pooled their funds to make a larger impact. Whichever way they chose to go, \$50,000 was distributed to 54 local organizations in December based on "employee choice."

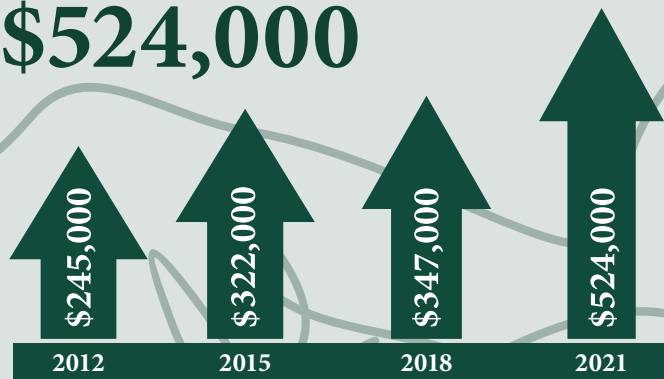
Community Drawing \$10,000

Each week in December, individuals were invited through social media to submit the local non-profit organization of their choice into a random drawing for \$2,500. In the end there were 1,400 submissions as community members rallied for their favorite non-profits!

The following organizations were the recipients of the random weekly drawings:

*Haverhill Elite Cheer • Merrimack Valley Skating Club
North Point Bible College • Asperger Works*

Grand Total of Giving in 2021 \$524,000



"We make money to give it away."

Jonathan Dowst, President & CEO

Day of Giving

Employees participated in this year's new donation program, "Day of Giving," with pledges totaling \$30,626 which the Bank will match dollar for dollar totaling

\$61,252

Instead of making donations to specific organizations, this year employees allocated their pledges to the causes they feel most passionately about, such as:

*Housing & Shelter for Displaced Individuals & Families,
Family Support Services, Food Insecurity,
Mental Health Support & Awareness,
Animal Rescue & Welfare, and
Veteran Support.*



Thank you Scott & Chuck

Congratulations on your well-deserved retirements!

It was a year of major transition at the Bank with the retirements of two long-time leaders, Scott Cote and Chuck Walker. Scott Cote retired as the Bank's CEO after 21 years of service to the Bank, and Chuck Walker, former Bank President, retired as Vice Chairman of the Board after 11 years of service. Both retired together on June 30, 2021 and remain on the Board of Directors, with Scott continuing to serve as Chairman of the Board.

Farewell 35 Merrimack Street!

We made the tough decision to demolish the Bank's building located at 35 Merrimack Street in late 2021. The building once housed the Bank's Main Branch, several department offices over the years, and the well-loved "Community Room." The building had been sitting vacant for the past few years and while the decision was bitter-sweet, we knew it was an opportunity to further beautify a piece of downtown.

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It's important that the Bank fits in with the renaissance happening in downtown Haverhill. We've always been a community leader and this is another example of us leading the next phase of changes. Although we're changing the physical landscape on Merrimack Street, what's most important is that we're still the same Bank, philosophically, to our Customers, Community, and Employees.

Gregory Shaw
Executive Vice President
Chief Operating Officer & Chief Risk Officer

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Officers



Jonathan H. Dowst
President & Chief Executive Officer

Gregory J. Shaw
Executive Vice President / Chief Operating Officer & Chief Risk Officer
Clerk of the Corporation & Clerk of the Board of Directors

Karl J. Denu
Senior Vice President / Chief Financial Officer

Robert C. Glosner
Senior Vice President / Chief Information Officer

Stephen M. Jaskelvicus
Senior Vice President / Chief Credit Officer

Carol A. Wilson
Senior Vice President / Chief Experience Officer

Michele M. Curtis
Senior Vice President / Customer Support Manager

John B. DeBaun
Senior Vice President / Commercial Lending Team Leader NH

Eric G. Leuteritz
Senior Vice President / Commercial Lending Team Leader

Lori J. Lupon
Senior Vice President / Risk Officer & Audit Manager

Kevin E. McKinnon
Senior Vice President / Infinex Investment Executive

Stacey L. Palovich
Senior Vice President / Commercial Lending Team Leader

Amy L. Barcelos
Vice President / Retail Branch Administrator

Susan V. Cammett
Vice President / Loan Administration Officer

Leanne M. Eastman
Vice President / Marketing & Community Relations

Marie Ferris
Vice President / Commercial Loan Officer

Claire M. Koffman
Vice President / Compliance & BSA Officer

Eric S. Landers
Vice President / Credit Risk Officer

Jean L. McCann
Vice President / Commercial Loan Officer

Maureen E. Meletis
Vice President / Program Manager

Michael V. Milano
Vice President / Financial Reporting Officer

Kerianne S. Pereira
Vice President / Commercial Loan Officer

Samantha A. Petrou
Vice President / Commercial Loan Officer

Michelle Queenan
Vice President / Human Resources Manager

Danielle G. Sheehan
Vice President / Residential & Consumer Loan Administrator

Pamela J. Webster
Vice President / Vendor & Systems Manager

Marie Charabati
Assistant Vice President / Senior Branch Manager - Salem

Marion T. Donahue
Assistant Vice President / Senior Branch Manager - N. Andover

Hala M. Harb
Assistant Vice President / Senior Branch Manager - Merrimack Street

John E. Hobbs
Assistant Vice President / Information Technology Officer

Melissa B. Kindig
Assistant Vice President / Mortgage Loan Processing Manager

Marianne R. Lannan
Assistant Vice President / Senior Underwriter

Andrea S. Leal Jessie
Assistant Vice President / Mortgage Loan Officer

Officers

Susan B. MacKinnon

Assistant Vice President / Corporate Administration Officer

Eric L. Paradis

Assistant Vice President / Database Manager

Mark A. Roccograndi

Assistant Vice President / Facilities & General Services Manager

Jody P. Ronayne

Assistant Vice President / Mortgage Loan Officer

Tracy L. St. Onge

Assistant Vice President / Infinex Financial Advisor

Erin M. Wardle

Assistant Vice President / Commercial Loan Officer

Pamela F. Wellington

Assistant Vice President / Mortgage Loan Officer

Sara E. Wormald

Assistant Vice President / Risk/Audit Manager

Benn Johnson-Tatelbaum

Branch Manager II - Hampstead

Kerry L. Beaton

Branch Manager - Westgate

Amanda M. McCafferty

Branch Manager - Stadium

Maggie A. Foulks

Assistant Branch Manager - Westgate

Bridgeter Manyanga

Assistant Branch Manager - Merrimack Street

Nicole M. Molesso

Assistant Branch Manager - Salem

Nadine M. White

Assistant Branch Manager - Hampstead

Susan Celeste

Consumer Banking Manager

Dawn M. George

Retail Branch Operations Officer

Christopher J. Gianni

Network Manager

Julie A. Giordano

Marketing Officer

Heather L. Harrell

Human Resources Officer

Maureen A. Kanavos

Systems Officer

Jacqueline M. Karlberg

Commercial Loan Administration Officer

Ronald T. Lavallee Jr.

Assistant BSA Officer

Marianne Lindsay

Risk & Information Security Analyst

Kim S. Miller

Compliance Administration Officer

Jennifer I. Orlando

Branch Officer

Lisa M. Phillips

Deposit Systems Officer

Susan P. Resendes

Retail Branch Administrative Officer

Liri D. Rivera

Accounting Manager

Amanda R. Robinson

Investment Services Officer

Connor J. Shaw

Commercial Loan Officer

Carla J. Souza

Operations Officer

Donna C. White

Loan Administrative Officer



Board of Directors / Trustees

- | | |
|-----------------------|------------------------|
| *❖ Terrence A. Beaton | *❖ William J. Klueber |
| ❖ Peter A. Carbone | † Michelle A. Lavigne |
| *❖ Joseph A. Cleary | ❖ Daniel J. Norris |
| ❖ Scott D. Cote | *❖ Ronald J. Pollina |
| *❖ Thomas Desmet | † Elizabeth E. Rogers |
| *❖ Jonathan H. Dowst | ❖ Timothy J. Schiavoni |
| ❖ E. Lynn Garner | Charles A. Walker |

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|------------------------------|-----------------------------|
| * Executive Committee | ◇ Asset Liability Committee |
| † CRA & Compliance Committee | □ Compensation Committee |
| ◇ Audit Committee | *◇ Nominating Committee |



We would like to recognize and thank our retiring Directors/Trustees: William Klueber (elected in 1979), Timothy Schiavoni (1987), Elizabeth Rogers (2000), and Ronald Pollina (2010). Their dedication and guidance has had a lasting positive impact on the Bank and our Community.

Board of Corporators

John G. Albert
Salvatore J. Ambra
Sven A. Amirian
Gretchen B. Arntz
Richard K. Atwood
Melinda E. Barrett
Darlene M. Beal
Paul A. Bergman
Francis J. Berube, Jr.
Nelson D. Blinn
Cheryl-Ann Bolouk
Maria Bonanno
J. Bradford Brooks
Leeann T. Brooks
Virginia A. Busby
Richard N. Cammett
Ronald P. Carpenito
Kenneth J. Cavallaro
Bryan E. Chase
Edward P. Chernesky
James P. Cleary III
Michael A. Collins
Robert J. Conte, Jr.
Dr. Noemi Custodia-Lora
Kevin M. Cyr
Edward C. David
J. Westerman Davis
Timothy C. Day

Faith E. Delaney
Brian S. Dempsey
Alan R. DeNaro
William P. DeRosa
David W. DiBurro
Robert E. DiBurro
Diana DiZoglio
Joshua Y. Douglass
Patrick P. Driscoll
Loren G. Dubois
Joseph F. Dugas, Jr.
Delia Duran-Clark
Arthur E. Durkin
Richard S. Emery
Charles W. Ermer
Brian C. Farmer
David J. Frahm
Harry W. Fry, Jr.
Stephen C. Galinsky
Diane L. Galvin
Michael A. Gerstein
Karen E. Gomes
Barbara Grasso
Jon D. Guarino
Robert D. Harb
David R. Hart
Michael J. Hart
Bernard F. Hoar, Jr.

Daniel K. Hogan
Ryan Horgan
Bradley C. Howell
Jaqueline M. Hudkins
Stephen A. Janavicus
Matthew E. Juros
Mark Kazanjian
Victoria A. Kennedy
Kara M. Kosmes
Eric M. LaFleur
Dr. Norman J. Landry
Dr. D. Palmer Lewis, Jr.
Jeffrey G. Linehan
Paul A. Magliocchetti
Michael S. McGonagle
Sheryl A. Meehan
Michael J. Migliori
Steven A. Murphy
Paula A. Newcomb
Diane M. Nunley
Joel C. Olbricht
Eugene J. O'Neill
Sally L. O'Rorke
Paul E. Pandelena
Gerard A. Paré
Dawn Pease
Angelo Petrozzelli
Robert A. Pigeon

Thomas M. Pignatiello
Dr. Kristyn Pistone
Michael F. Reilly
Holly A. Roche
Harold B. Rogers
Shaw M. Rosen
Elizabeth A. Roth
Barbara J. Rowell
James A. Rurak
David E. Shaw
Gregory J. Shaw
Megan B. Shea
William T. Sherry
Rosemary C. Smedile
MacGregor Smith
Gregory W. Stark, Jr.
Jered F. Stewart
Thomas J. Sullivan
Dr. Firouz M. Tehrani
Rev. W. David Thomas
Brenda E. Torromeo
Charles R. Traver
Andres X. Vargas
Susan A. Veasey
Neil F. Wallace
Donna M. Yameen

www.PentucketBank.com

Branch Locations

Main Office

*One Merrimack Street
Haverhill, MA 01830*

978-372-7731

Westgate

*395 Lowell Avenue
Haverhill, MA 01832*

978-373-3021

Stadium

*120 Lincoln Avenue
Haverhill, MA 01830*

978-372-1197

North Andover

*1065 Osgood Street
North Andover, MA 01845*

978-984-6300

Hampstead Commons

*201 Route 111
Hampstead, NH 03841*

603-329-7333

North Broadway Crossing

*234 North Broadway - Route 28
Salem, NH 03079*

603-893-3588

Administrative Offices

*Pentucket Bank Plaza
2 Merrimack Street
Haverhill, MA 01830*



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NMLS#1630813

